

Q1 FY2024/12


Financial Results

oRo Co., Ltd. Code: 3983



May 14, 2024

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Translation Notice:

This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Q1 FY2024/12

Financial Results Highlights



01

Q1 FY2024/12 Financial Results Highlights

Q1 FY2024/12 Consolidated Financial Results

Revenue	1,920 _{million JPY}	YoY +20.8%
Operating Profit	694 _{million JPY}	YoY +17.6%

Revenue was worse than planned, while operating profit remained steady.

Cloud Solutions (CS)

Revenue	million JPY 1,155	YoY +18.2%
Operating Profit	million JPY 508	YoY +18.4%

Revenue and operating profit remained steady compared to the plan.

- Improving sales and marketing to meet the full-year plan due to delays in acquiring new clients and providing services (customized proposals) to existing ones

Marketing Solutions (MS)

Revenue	million JPY 764	YoY +24.9%
Operating Profit	million JPY 185	YoY +16.7%

Revenue and operating profit were worse than planned.

- Revenue grew significantly year-on-year, but project delays resulted in weaker quarterly revenue than planned
- Despite the usual seasonal decline in revenue after Q4, strong collaboration with TOPPAN Inc. resulted in +7.4% QoQ growth

* Progress expression to the plan: great > favorable > steady > worse > weak

Updated Reporting Segments Overview

Revised Structure of old DX Business into CS and new MS Segments for Business Changes

Revenue from cloud services, including ZAC, ZAC Enterprise, Reforma PSA, third-party products, dxeco, and Semrush (previously part of the old DX segment), will now be classified under the Cloud Solutions (CS) segment.

Marketing support services, such as marketing/promotion, system/web integration (excluding Semrush), and operation support and operation office, will be allocated to the new Marketing Solutions (MS) segment.

Old Segment

CS	ZAC license fee
	Maintenance fee, SaaS and other monthly service fees
	ZAC ERP installation consultation and customization
	Reforma PSA
	Other products, etc.
DX	Marketing / promotion
	System/website integration, etc. (including sales from Semrush)
	Operation support, Operation office



New Segment

CS	ZAC license fee
	Maintenance fee, SaaS and other monthly service fees
	ZAC ERP installation consultation and customization
	Reforma PSA
	dxeco, Semrush , other products
MS <small>* Newly Established</small>	Marketing/promotion
	System/website integration, etc.
	Operation support, Operation office

Under the previous guidelines, costs associated with dxeco were allocated proportionally according to the revenue ratios of the CS and old DX segment. Going forward, these costs will be exclusively recorded under the CS segment starting from FY2024/Q1.

Consolidated

FY23/12 Highlights: Pre- and Post-Reporting Segment Changes

Pre-Reporting Segment Changes (as of February 14, 2024)

Results for FY23/12

Cloud Solutions (CS)			Digital Transformation (DX)		
Revenue	million JPY 4,299	YoY +21.4%	Revenue	million JPY 2,733	YoY +2.4%
Operating Profit	million JPY 1,981	YoY +22.6%	Operating Profit	million JPY 566	YoY -11.7%



Post-Reporting Segment Changes

Results for FY23/12

Cloud Solutions (CS)			Marketing Solutions (MS)		
Revenue	million JPY 4,477	YoY — *	Revenue	million JPY 2,255	YoY — *
Operating Profit	million JPY 2,020	YoY — *	Operating Profit	million JPY 526	YoY — *

*For the year ended December 31, 2022, no changes will be made to the reporting segments. Therefore, year-on-year comparisons will be marked with "-".

Earnings Outlooks

Pre-Reporting Segment Changes

(as of February 14, 2024)

(in millions of yen)

Fiscal Period	FY2023/12 (Results)	FY2024/12 (Forecasts)	FY2025/12 (Outlooks)	FY2026/12 (Outlooks)
Revenue	4,299	5,019	5,837	6,625
OP	1,981	2,186	2,600	2,999
OP Margin	46.1%	43.5%	44.6%	45.3%



Post-Reporting Segment Changes

(in millions of yen)

Fiscal Period	FY2023/12 (Results)	FY2024/12 (Forecasts)	FY2025/12 (Outlooks)	FY2026/12 (Outlooks)
Revenue	4,477	5,270	6,163	7,032
OP	2,020	2,214	2,649	3,097
OP Margin	45.1%	42.0%	43.0%	44.0%

Earnings Outlooks

Pre-Reporting Segment Changes

(as of February 14, 2024)

(in millions of yen)

Fiscal Period	FY2023/12 (Results)	FY2024/12 (Forecasts)	FY2025/12 (Outlooks)	FY2026/12 (Outlooks)
Revenue	2,733	3,209	3,642	4,181
OP	566	596	728	884
OP Margin	20.7%	18.6%	20.0%	21.2%

Post-Reporting Segment Changes

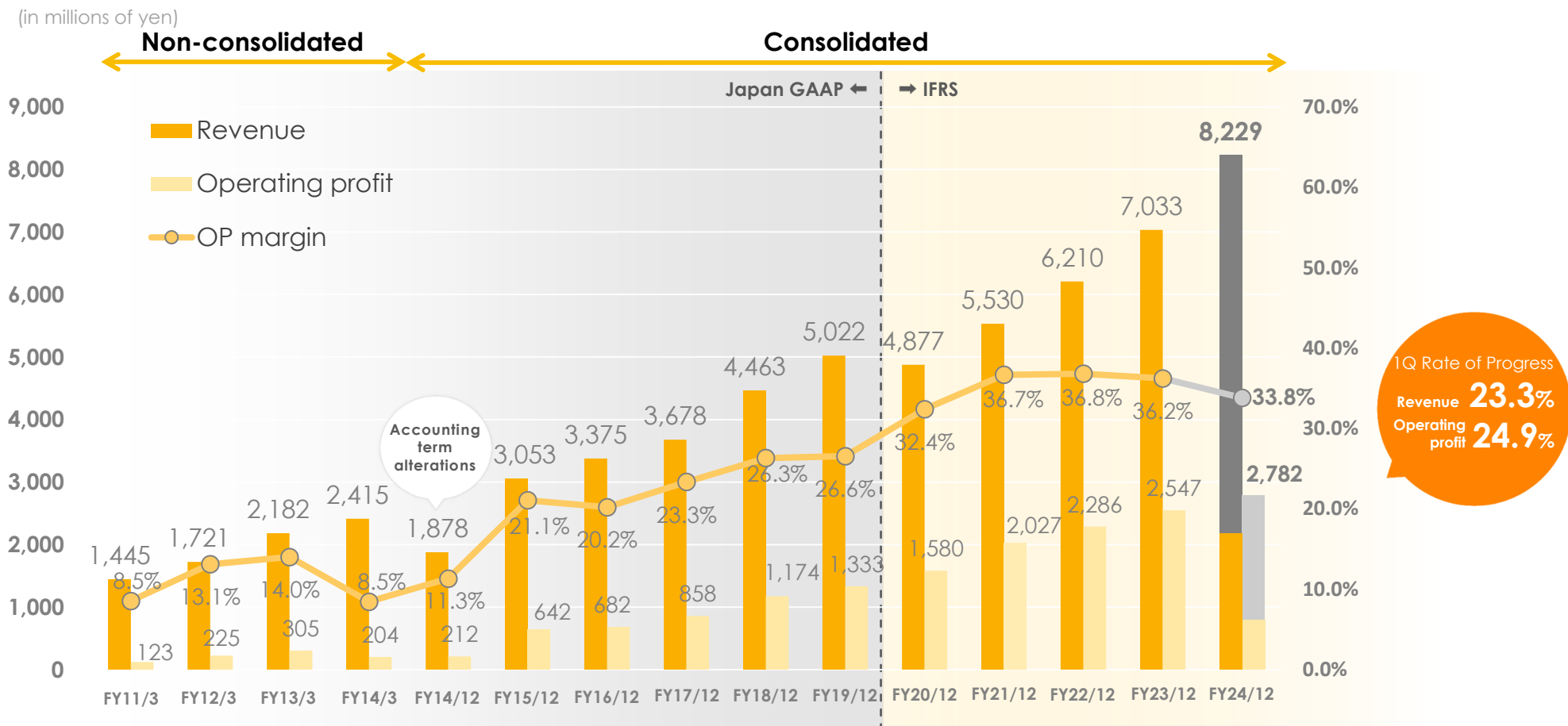
(in millions of yen)

Fiscal Period	FY2023/12 (Results)	FY2024/12 (Forecasts)	FY2025/12 (Outlooks)	FY2026/12 (Outlooks)
Revenue	2,555	2,959	3,317	3,774
OP	526	568	680	786
OP Margin	20.6%	19.2%	20.5%	20.8%

Consolidated

Trend in Revenue, Operating Profit and Operating Margin

Recorded Revenue 1,920 million yen, +20.8% YoY, Operating Profit 694 million yen, +17.6%YoY



*Was not audited by KPMG AZSA LLC, prior to and in the fiscal year ended March 31, 2014.

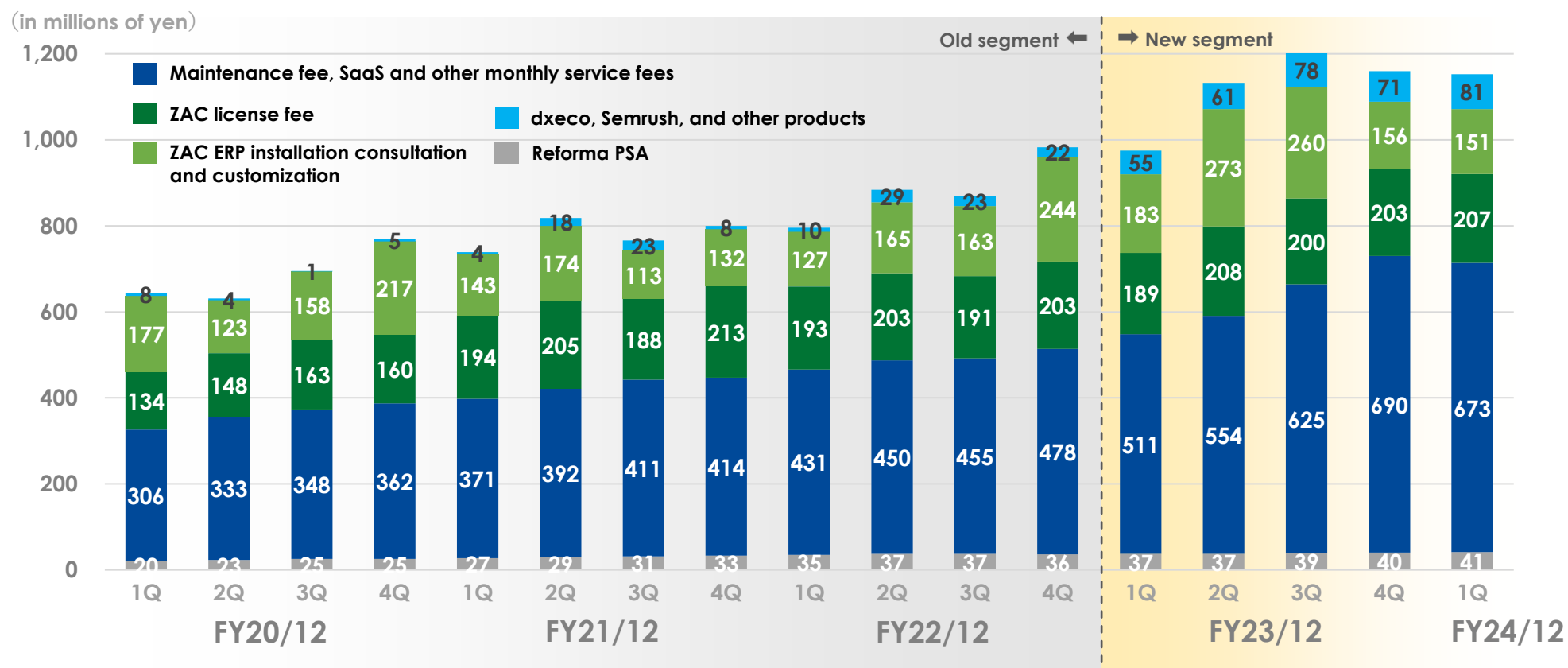
*Following the change in accounting policy in the fiscal year ended December 31, 2018, net sales for the Marketing Solutions Business are now reported on a net basis from the fiscal year ended December 31, 2017, instead of a gross basis previously used.

*Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.

Breakdown of Revenue by Business Segment

+18.2% YoY but -0.6% QoQ due to a lull in existing customer migration demand

In FY23/12, 37 long-time ZAC Enterprise clients migrated to the new ZAC environment. Revenue from services provided for these migrations (FY2023/12 Q1: 20MY, Q2: 0MY, Q3: 37MY, Q4: 49MY) was categorized under “Maintenance fee, SaaS, and other monthly service fees.” From FY24/12, similar revenue is classified as “ZAC ERP installation consultation and customization.”



* Starting from FY2024/12, the Company have changed the reporting segments as stated on page 5. Accordingly, the revenue for FY2023/12 is shown after retrospective application of this change.

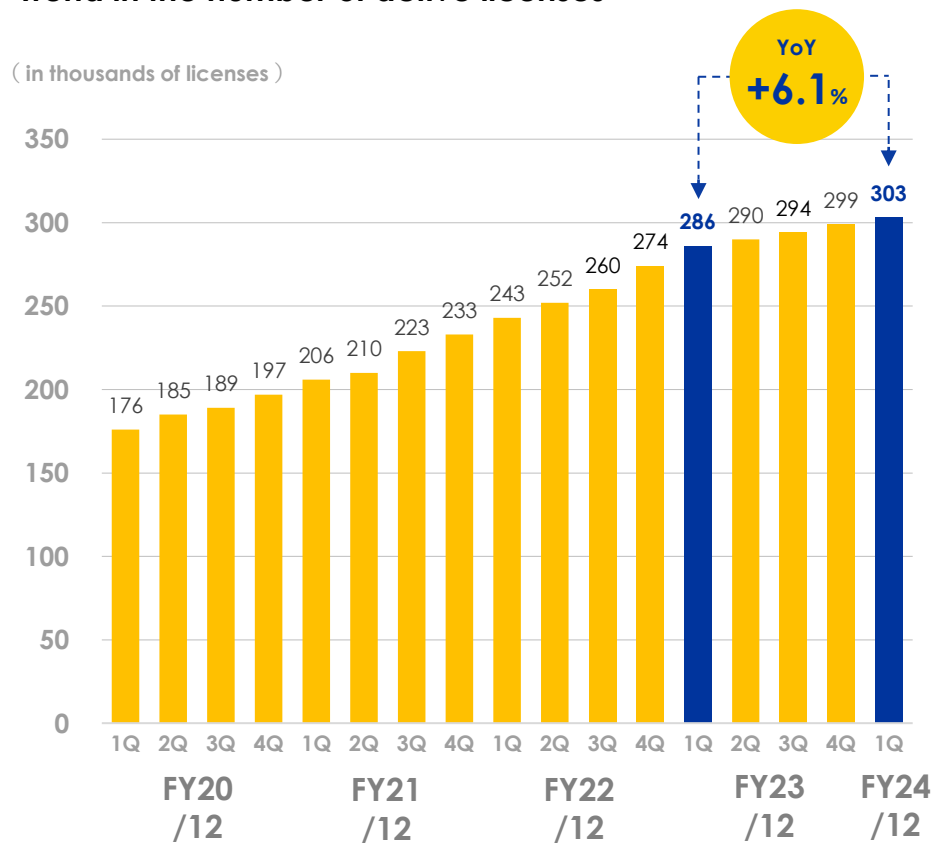
* Starting from FY2021/12, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for FY2020/12 indicates the amount after retrospective application of the change.

* The values for each quarter of FY 2020/12 was not audited by KPMG AZSA LLC.

Trend in the Number of Active Licenses

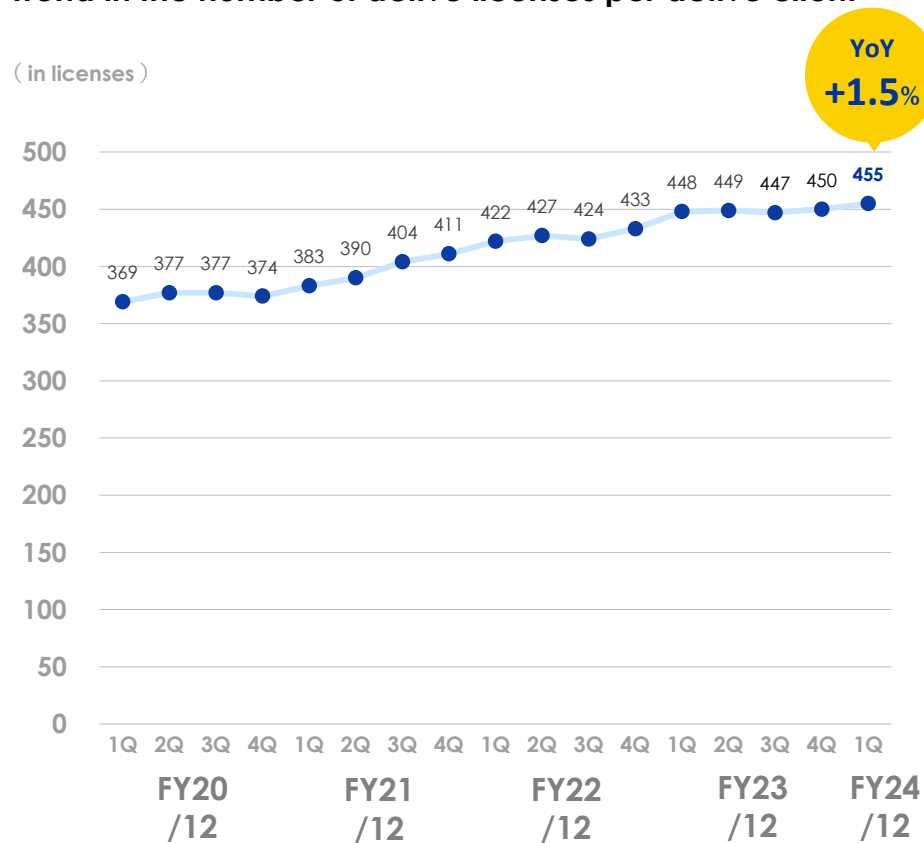
Continued growth in the number of contracted licenses through the acquisition of new customers and increased in business with existing customers

Trend in the number of active licenses



* Number of active licenses
= Cumulative number of licenses sold - Cumulative number of licenses terminated

Trend in the number of active licenses per active client



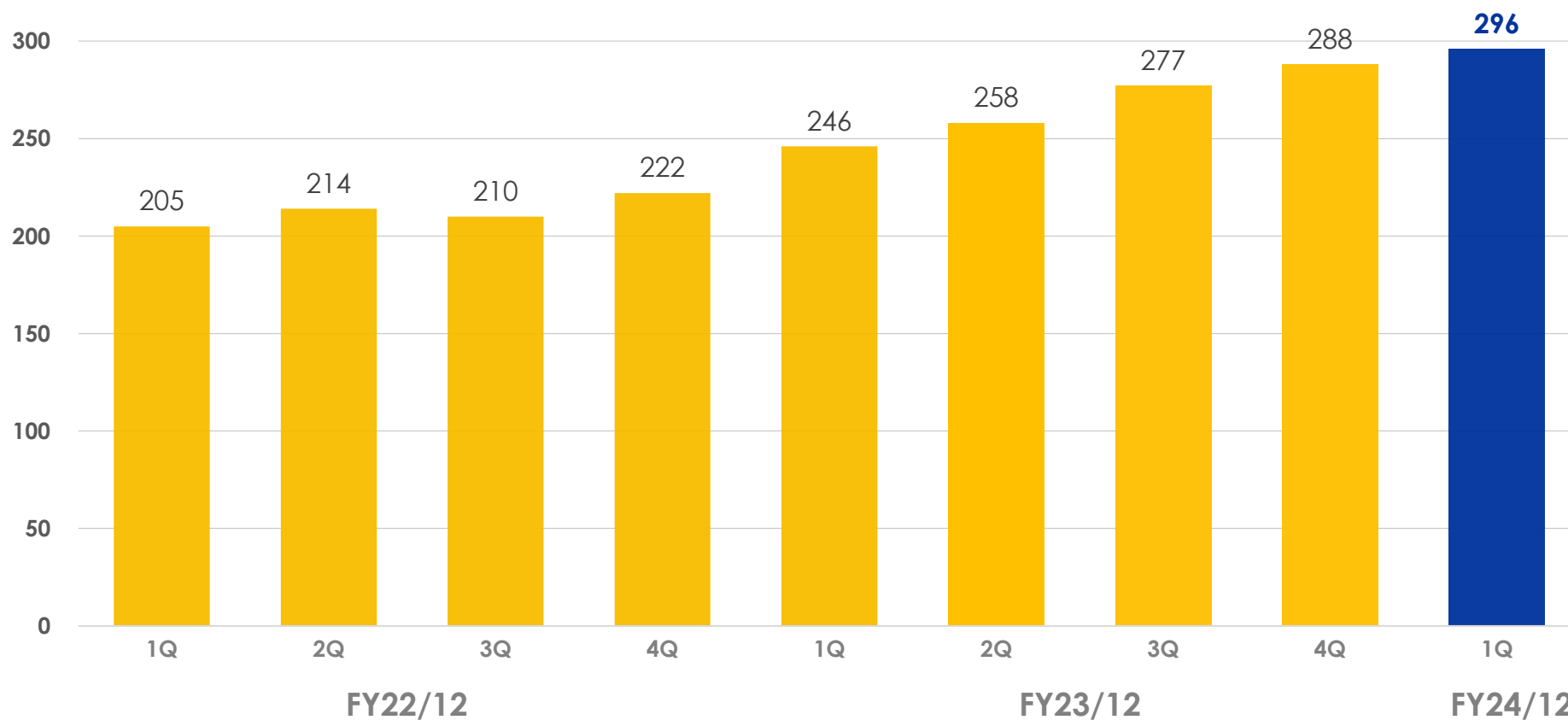
* Number of active licenses per active client
= Number of active licenses / The number of active clients at the end of the quarter

Trend in MRR

Growing number of active licenses drives stable MRR growth

+20.6% YoY and +3.0% QoQ

(in millions of yen)

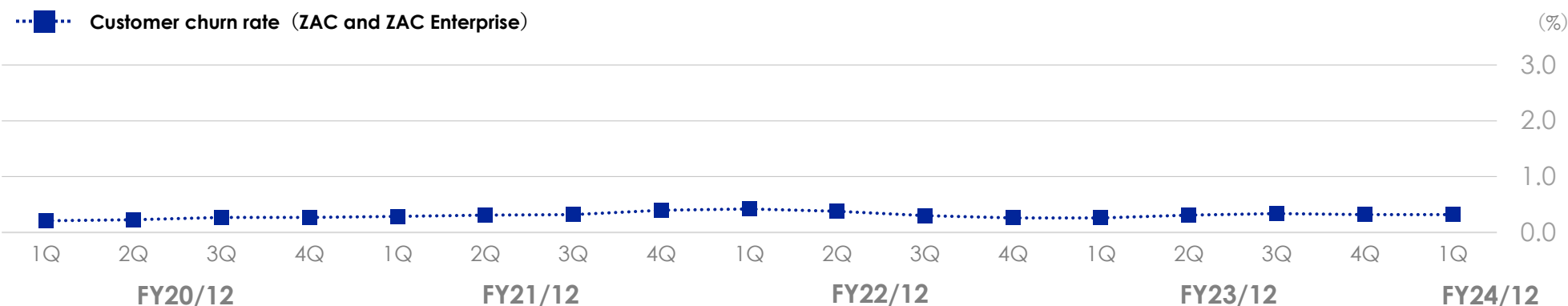


*MRR: Stands for Monthly Recurring Revenue, which is the regular monthly revenue. It is calculated as the total sum of "ZAC License Fees" and "Maintenance Fees, SaaS, and Other Monthly Service Fees" for the last month of the respective quarter.

Monthly Churn Rate, the Numbers of New Contracts and Churns

Trend in Monthly Customer Churn Rate

The trend remains steady, hovering around 0.3%. Starting FY2024/12, we are enhancing support for client ZAC adoption.



*Monthly churn rate: churn rate calculated by moving average of monthly churn customers / customers at beginning of the month for the last 12 months

Trend in the Number of New Contracts and Churns

Strengthening collaboration with sales agents to recover the number of new contracts.

In Q1, although 11 clients churned, the number is within expectations compared to previous years, and there are no significant concerns about the reasons for churn.

	20/12 1Q	20/12 2Q	20/12 3Q	20/12 4Q	21/12 1Q	21/12 2Q	21/12 3Q	21/12 4Q	22/12 1Q	22/12 2Q	22/12 3Q	22/12 4Q	23/12 1Q	23/12 2Q	23/12 3Q	23/12 4Q	24/12 1Q
Number of New Contracts	22	19	14	34	17	6	21	19	21	15	23	28	13	16	16	9	13
Number of Churns	4	7	5	11	5	8	7	5	11	3	0	7	9	7	4	3	11

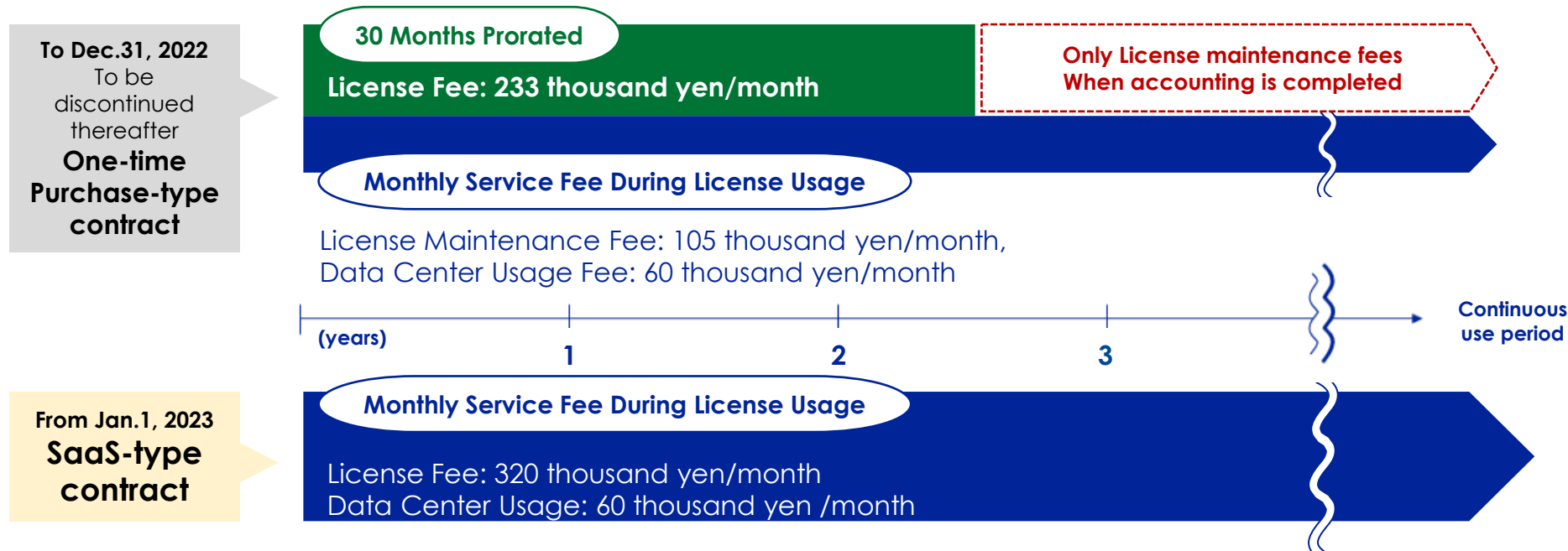
License Price Revisions and Revenue Recognition

As of January 1, 2023, the sales format of ZAC/ZAC Enterprise licenses, one-time Purchase-type contracts (lump-sum perpetual license type) has been discontinued, and only SaaS-type contracts (monthly subscription fee type) is now available.

Revenue Recognition of License Sales (Model case for 100-person client)

*The green and blue areas represent the revenue amount.

Sales Management: 20 licenses
Purchase Management: 20 licenses
Time Management: 100 licenses
Expense Control: 100 licenses
Data center usage fee: 60 thousand yen/month



*The above revisions do not apply to customers who have signed and used a one-time purchase contract by December 31, 2022. For details, please refer to the "Notice of Revisions of License Fees for Cloud-based ERP ZAC and ZAC Enterprise" disclosed on November 14, 2022.

*After April 1, 2023, the data center usage fee has increased by 20% in stages.

Schedule and Revenue Recognition after New ZAC Contract

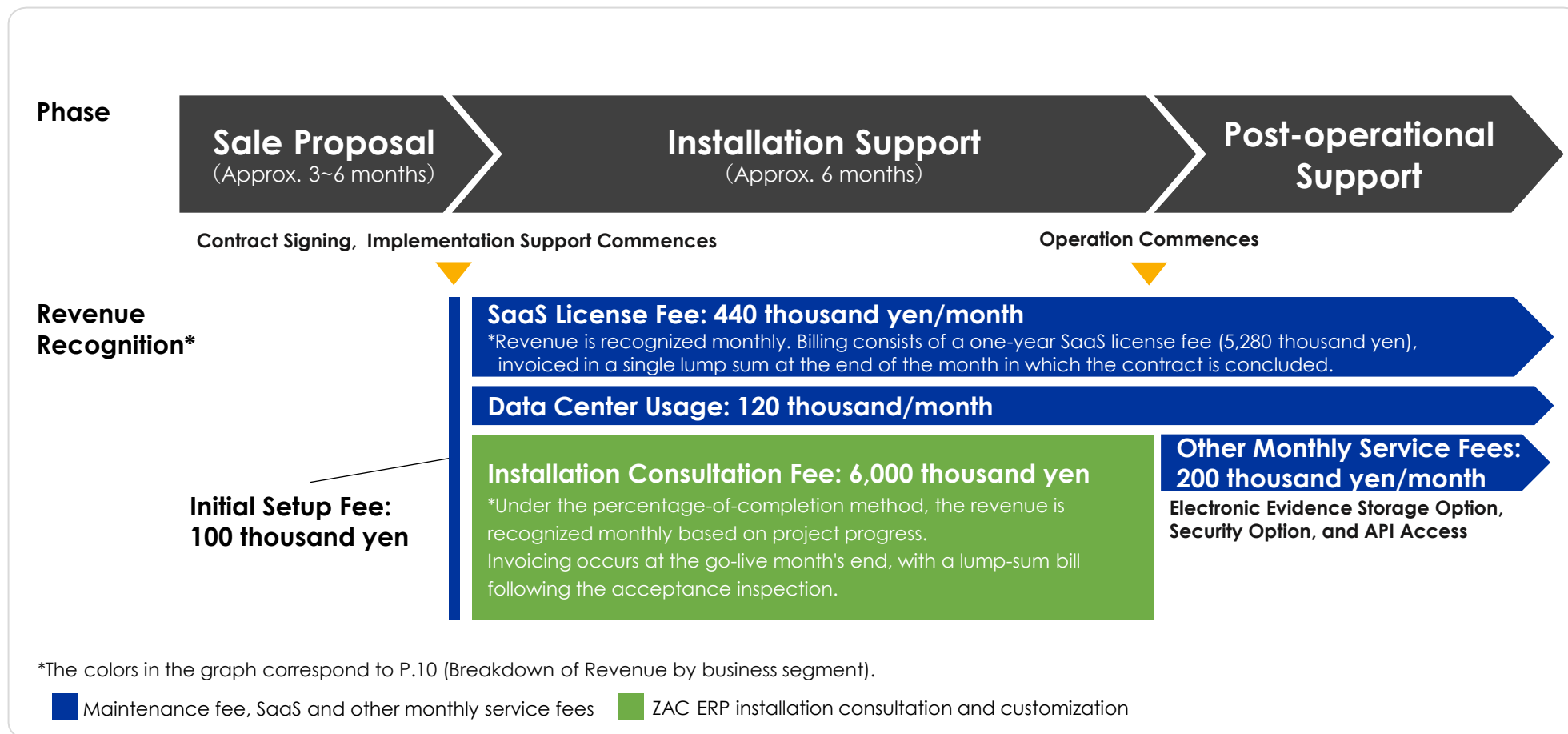
Model case for a client with 200 employees

License Structure

Sales Management: 20 licenses, Purchase Management: 20 licenses, Time Management: 200 licenses, Expense Control: 200 licenses

Additional Monthly Service Configurations:

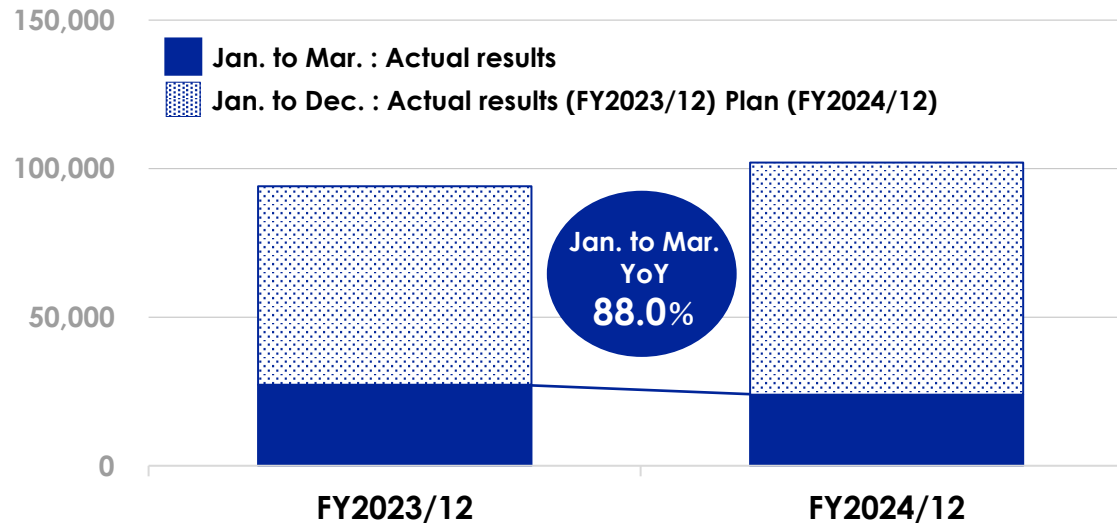
Electronic Evidence Storage Option, Security Option, API Access



Efforts for Customer Acquisition

Advertising Expenses (only ZAC and Reforma PSA)

(in thousands of yen)



Rate of progress against the plan:

19.4% (As of March 31, 2024)

SQL* acquisition has been slow, but signs of recovery are emerging with strong business card acquisitions at the exhibition (Japan IT Week) and high interest in co-hosted seminars. Improved web advertising is also showing positive results.

TEL sales have stagnated compared to last year's strong results, but we're working toward recovery using the "IT asset management option (dxeco)" and "subscription management option (Hayasub; see P.26)" as hooks for ZAC.

Forecast for FY2024/12

To achieve the full-year goal of 67 new contracts, we'll allocate the budget to initiatives like exhibitions that are expected to deliver results. Even if the target number of contracts isn't met, we'll strengthen alliances with sales agencies that have strong customer bases to ensure revenue goals are met. Additionally, we'll propose dxeco and Hayasub as ZAC options to improve the order rate and MRR.

* SQL(Sales Qualified Lead): Refers to leads that the sales group judges to have the potential to secure an order within one year after the initial meeting.

Efforts for Customer Acquisition

To get more new clients and maximize MRR, we implemented the following initiatives:

Reviewing proposals for SMEs

Revising the contract structure to recover the number of new contracts from small and medium-sized companies has contributed to a certain degree in increasing orders. We'll continue to create opportunities through exhibitions and seminars and make proposals, including the use of IT Introduction Subsidies, to encourage decision-making regarding system implementation.

Strengthening collaboration with sales agents

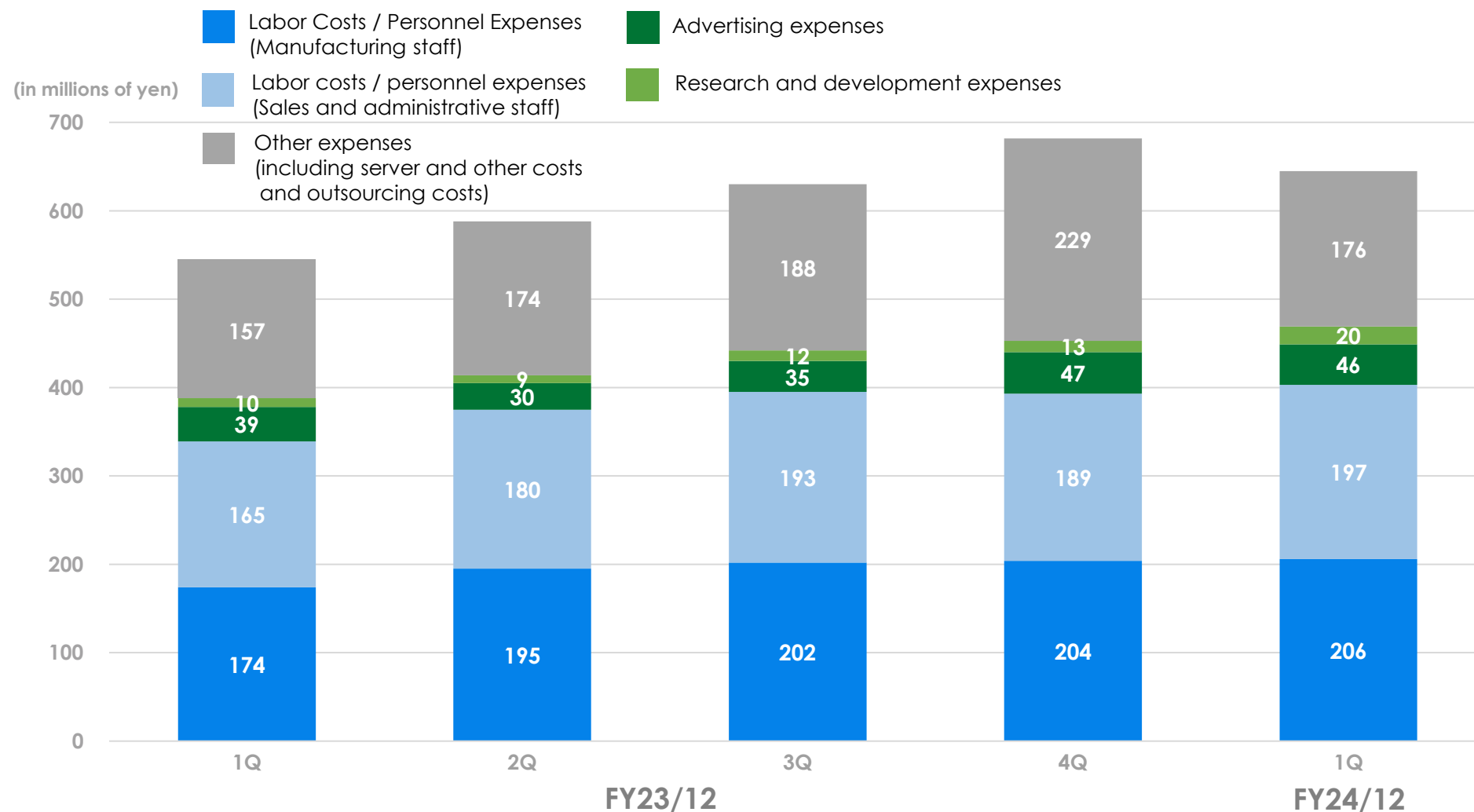
To acquire large customers that contribute to MRR growth, we established a "Sales Planning Team" to strengthen partnerships with sales agents. By having this team focus on relationship-building with agents and promoting marketing initiatives, we aim to accelerate large-scale projects and enhance efficiency through specialization, allowing the sales team to concentrate on customer proposals.

Development and provision of optional functions

"dxeco" and "Hayasub," developed as new services, are proposed as ZAC add-ons ("IT Asset Management Option" and "Subscription Management Option," respectively). Customer feedback has been positive, and we expect improved response capabilities for requirements that ZAC alone cannot fulfill and increased MRR through cross-selling.

Breakdown of Expenses (Consolidated)

Decrease in Miscellaneous Expenses Due to Reduced Distributor Alliance Costs in FY23/Q4

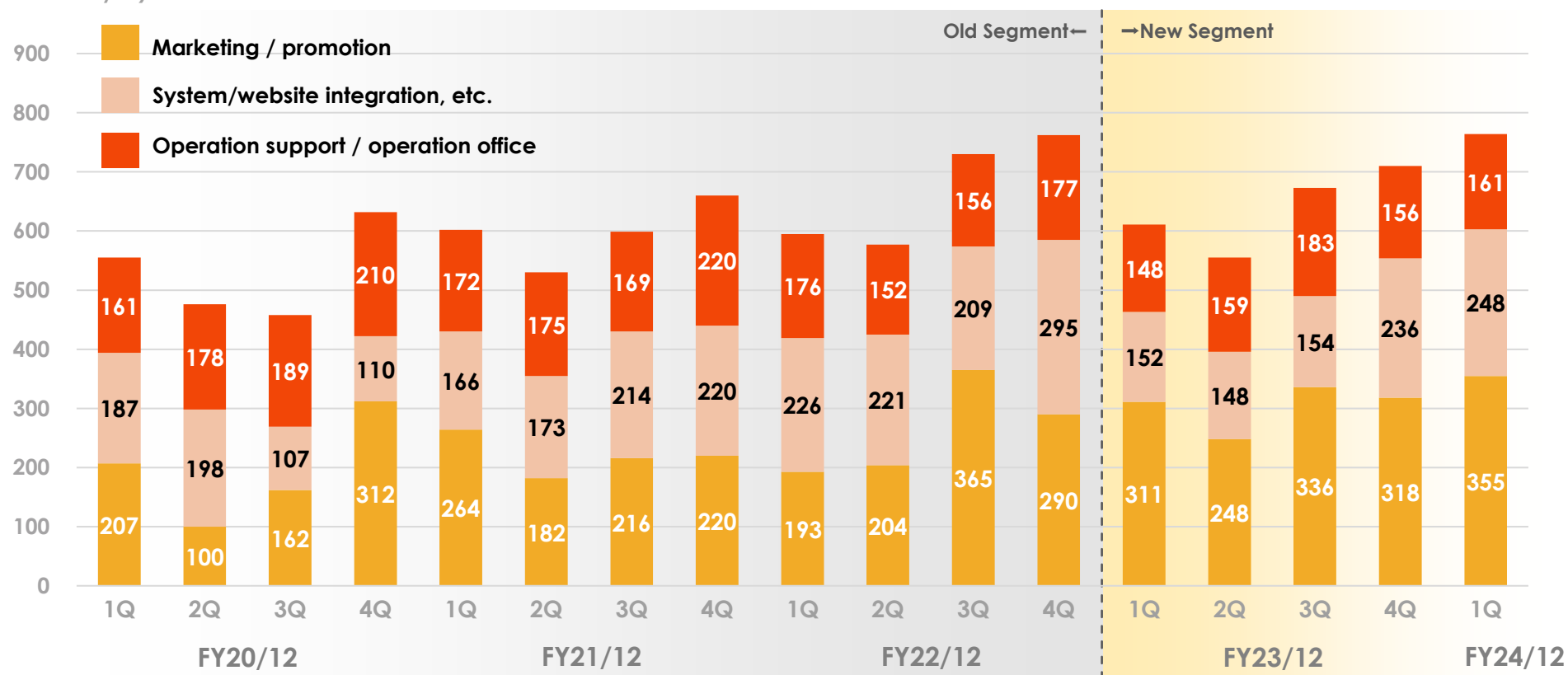


Breakdown of Revenue by Business Segment

Q1 was softer than planned, but strong collaboration with TOPPAN led to positive QoQ growth

Despite the seasonal bias toward second-half earnings, the MS business grew +7.4% QoQ and +24.9% YoY.

(in millions of yen)



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Accordingly, the revenue for FY2023 is shown after retrospective application of this change.

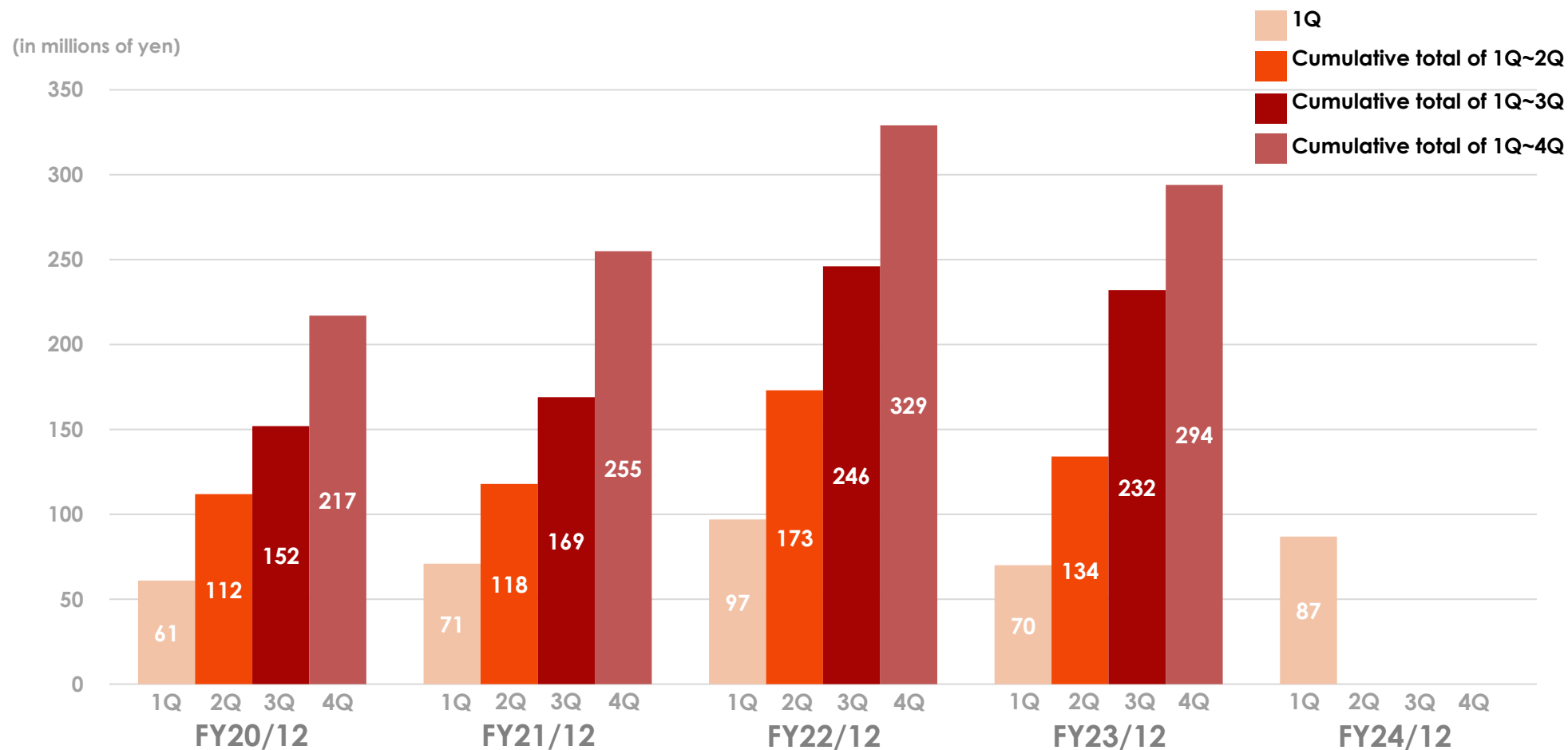
* Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP.

Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.

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Overseas Revenue

Focusing on recruitment efforts to strengthen sales and production teams for further revenue growth



* Starting from December 31, FY2021/12, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for December 31, FY2020/12 indicates the amount after retrospective application of the change.
 * The values for each quarter of FY2020/12 was not audited by KPMG AZSA LLC.

Efforts for Customer Acquisition

Situation as of Q4 FY23/12

Since new customer acquisition fell short of the plan, we will continue to promote initiatives for short- and medium-term improvement in FY2024/12.



Progress and Countermeasures at Q1

Strengthen Collaboration with TOPPAN Inc.

Since the collaboration announcement with TOPPAN Inc. in March 2022, a dedicated TOPPAN team was established in June 2023 to enhance new client acquisition.

In Q1, this collaboration boosted MS business revenue through various digital marketing and marketing communication projects. We will continue to strengthen the partnership, ensuring resources for further orders and solidifying new client acquisition.

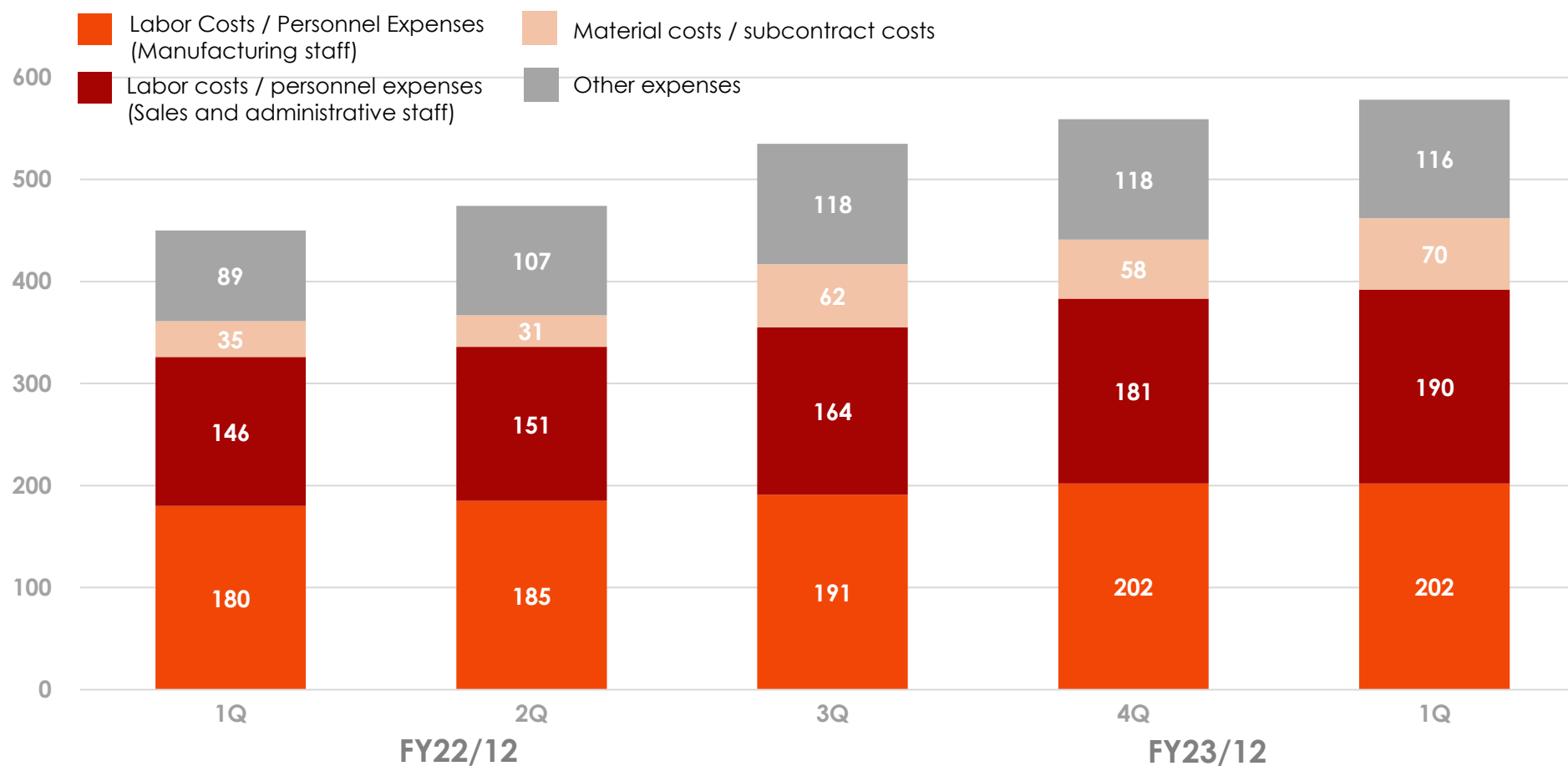
In-house Customer Acquisition

Through conference participation we are conducting marketing activities to create contact and proposal opportunities for newly acquired leads and dormant clients, with the aim of securing medium- to long-term projects. Meanwhile, top management is actively involved in proposals, seeking to grow revenue and secure additional deals with existing clients.

Breakdown of Expenses (Consolidated)

Increased outsourcing costs due to a rise in projects, along with increased sales personnel, lead to higher expenses.

(in millions of yen)



Progress Against Full-Year Forecasts

(in millions of yen)

	FY2024/12 Full-year forecasts [Composition ratio]	FY2024/12 Q1 Results [Composition ratio]	Rate of progress
Revenue	8,229 [100.0%]	1,920 [100.0%]	23.3%
Cloud Solutions	5,270 [64.0%]	1,155 [60.2%]	21.9%
Marketing Solutions	2,959 [36.0%]	764 [39.8%]	25.8%
Operating profit	2,782 [33.8%]	694 [36.2%]	25.0%
Cloud Solutions	2,214 [26.9%]	508 [26.5%]	22.9%
Marketing Solutions	568 [6.9%]	185 [9.7%]	32.7%
Profit before tax	2,824 [34.3%]	757 [39.4%]	26.8%
Profit attributable to owners of the parent	1,963 [23.9%]	521 [27.2%]	26.6%

* The figures for each business segment reflect the numbers after the reporting segment changes. For details, please see page 5.

Consolidated

Profit and Loss Statement (YoY)

(in millions of yen)

	1Q FY2023/12 [Composition ratio]	1Q FY2024/12 [Composition ratio]	Difference	Main factors
Revenue	1,589 [100.0%]	1,920 [100.0%]	331	
Cost of sales	520 [32.7%]	621 [32.4%]	101	Increase in technical personnel, salary, subcontract costs, material costs, etc.
Gross profit	1,069 [67.3%]	1,298 [67.6%]	229	
Selling, general and administrative expenses	470 [29.6%]	583 [30.4%]	113	Increase in sales and administrative employees and pay raise, recruiting expenses, R&D expenses, and depreciation expenses, etc.
Research and development	10 [0.6%]	20 [1.1%]	10	
Other profit (loss)	1 [0.1%]	0 [0.0%]	(1)	
Operating profit	590 [37.1%]	694 [36.2%]	104	
Finance profit (loss)	0 [0.0%]	62 [3.3%]	62	
Profit before tax	590 [37.2%]	757 [39.4%]	167	
Profit	405 [25.5%]	521 [27.1%]	116	
Profit attributable to owners of the parent	406 [25.6%]	521 [27.2%]	115	

Consolidated

Statement of Financial Position (vs. End of Previous Fiscal Year)

(in millions of yen)

	FY2023/12	1Q FY2024/12	Difference
Current assets	10,920	10,816	(104)
Cash and cash equivalents	8,707	8,590	(117)
Trade and other receivables	998	1,234	236
Other current assets	1,215	990	(225)
Non-Current Assets	1,452	1,334	(118)
Property, plant and equipment	731	660	(71)
Intangible assets	83	84	1
Other	638	589	(49)
Total assets	12,373	12,151	(222)

	FY2023/12	1Q FY2024/12	Difference
Total liabilities	3,489	3,211	(278)
Current liabilities	3,143	2,909	(234)
Contract liabilities	1,759	1,713	(46)
Income tax payable	229	170	(59)
Trade and other payable	455	315	(140)
Other current liabilities	699	709	10
Non-current liabilities	346	302	(44)
Total equity	8,884	8,939	55
Equity attributable to owners of the Parent	8,884	8,939	55
Non-controlling interests	0	0	0
Total liabilities and equity	12,373	12,151	(222)

New Service

Subscription Business Management System Hayasub

Hayasub is a sales management system designed for BtoB subscription businesses. It streamlines the sales management process by handling diverse pricing models (flat/metered fees) and contract terms (annual/monthly, special discount).

- Systematizes sales management from prospecting to invoicing to reduce waste
- Manages varied fee structures, contract terms, and billing
- Centralizes sales management by integrating with ZAC and other systems



Issues that can be solved and expected

Challenges Before Implementation

- Manual billing processes lead to errors, including missed and inaccurate charges.
- Key subscription business KPIs like MRR and churn rates are not calculated accurately or promptly.

Effects After Implementation

- Systematization ensures accurate billing amid complex fee and contract structures.
- Centralized management enables real-time visualization of key subscription metrics (in development).

News Release

CS	Apr 22	ZAC Enterprise deployed at three subsidiaries of major system integrator NEC Networks & System Integration Group: NEC Networks & System Integration Services, Nichiwa, and K&N System Integrations
CS	Apr 12	Released “Hayasub”, a sales management tool for BtoB subscription businesses: streamlines contract and billing management tasks unique to subscription businesses
CS	Mar 27	Cloud-based ERP “ZAC” and “Reforma PSA”: approved as tools eligible for the IT Introduction Subsidy 2024, covering up to 4.5 million yen of implementation costs
dxeco	Mar 26	SaaS management tool “dxeco”: introduced at GIG Inc., which supports digital transformation
dxeco	Mar 19	SaaS management tool “dxeco”: adds an “IT Asset Inventory Feature” to manage IT assets like PCs and smartphones
oRo	Mar 18	ORO recognized for the third consecutive year as a “2024 Health and Productivity Management Outstanding Organization (Large Enterprise Category)” Two domestic subsidiaries were also recognized in the Small and Medium Enterprise Category.
dxeco	Feb 27	SaaS management tool “dxeco”: integrated with DirectCloud, a corporate cloud storage service.
MS	Jan 10	ORO announces results of a survey on MMM (Marketing Mix Modeling) strategies among large corporations, revealing that 92% of companies implementing MMM report positive outcomes.

Business Segment Topics



02

Business Overview

Cloud Solutions (CS)

Development and provision of cloud services, including



The image shows two logos: 'ZAC' with a stylized infinity symbol above it, and 'reForma' with 'PSA' in smaller text below it, accompanied by a graphic of three curved lines.




Marketing Solutions (MS)

Provision of services related to customer marketing support, including digital advertising, system production, web production, and more.

CLOUD SOLUTIONS

Cloud ERP “ZAC”, Cloud PSA “Reforma PSA”

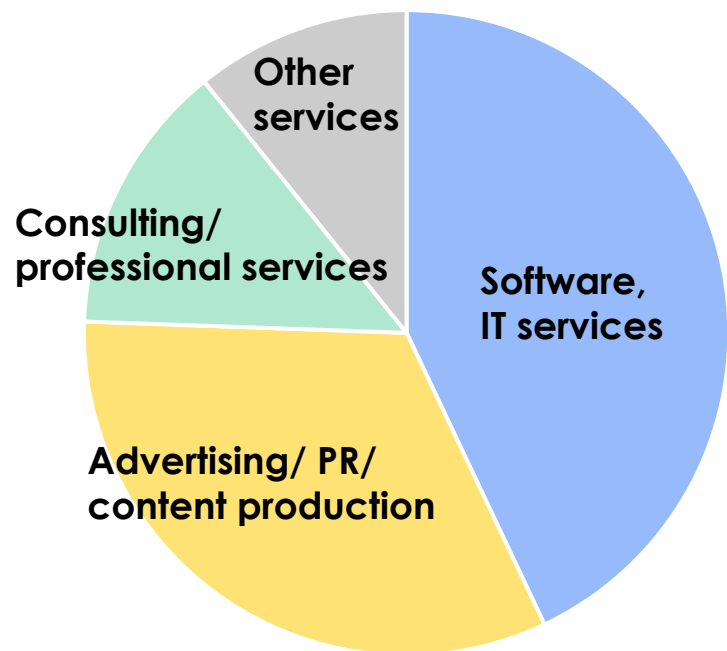
We provide three types of cloud-based integrated systems tailored to the size of the enterprise. The systems streamline business processes and facilitate company-wide information sharing.

Small Enterprises/Start-up	Small to Medium Enterprises	Large-scale Enterprises/ Customization
 <p>Cloud PSA Reforma PSA</p> <ul style="list-style-type: none">■ Targeting start-ups/venture firms with up to 50 employees■ Providing only a selected set of essential functions of ZAC■ Allowing customers to use the service at low cost given no upfront fees (only monthly subscription fees, 30,000 yen)	 <p>Cloud ERP ZAC</p> <ul style="list-style-type: none">■ Main product offered to small to middle sized companies with 50 to 300 employees■ Equipped with approximately 2,000 parameters, it fits customer operations without the need for customization (add-on development)■ Through automatic version updates, the product continuously evolves	 <p>Cloud ERP ZAC Enterprise</p> <ul style="list-style-type: none">■ Catering to large corporations with over 1,000 employees■ Equipped with approximately 13,000 parameters■ Able to meet unique corporate needs and business requirements through customization (add-on development)

Industry-Specific ERP

ZAC has been implemented in a cumulative total of over 950 companies, primarily in the software, IT services, and advertising industries.

(As of March 31, 2024)



Recently, orders from the software and IT services industries have increased. Approximately 40% of the total number of orders received come from the IT service industry, and 30% come from the advertising industry.

Software/system development, and IT services



Advertising/PR/content production



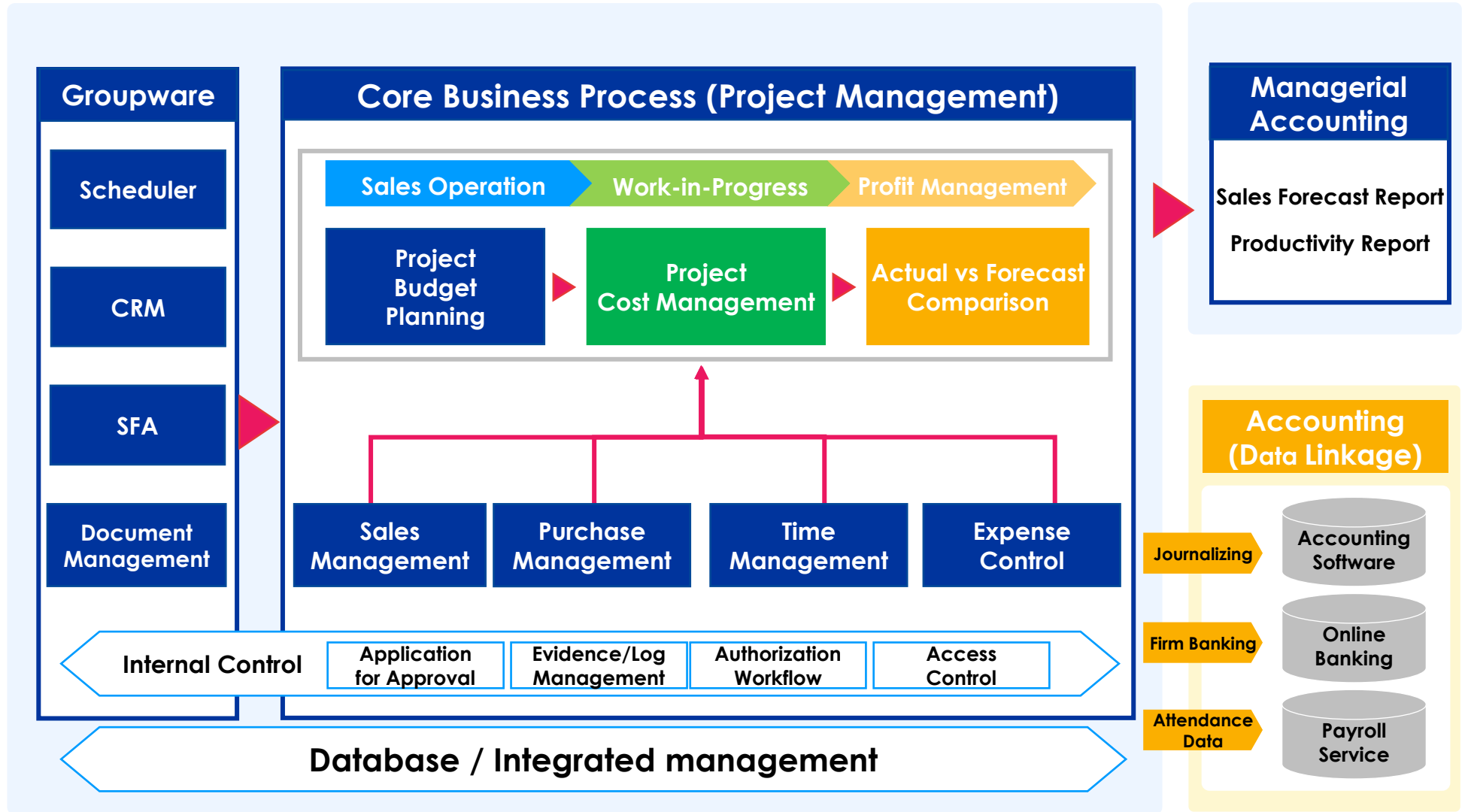
Consulting/professional services



Other services



Overview of Cloud ERP ZAC - Functions



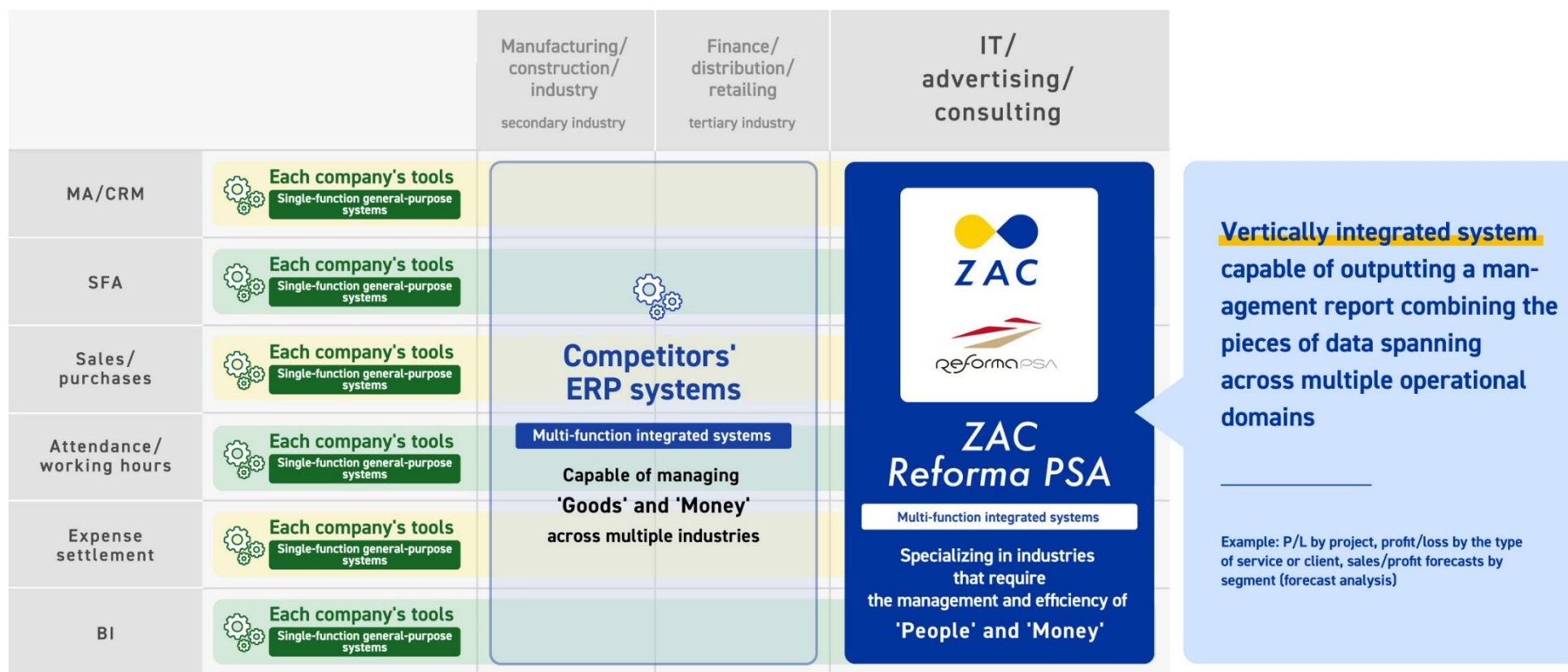
*Reforma PSA provides some of ZAC's key features.

Industry-Specific Integrated ERP

ERP systems can be divided into single-function general-purpose systems applicable across industries, and **multi-function integrated systems** merging industry-specific functions.

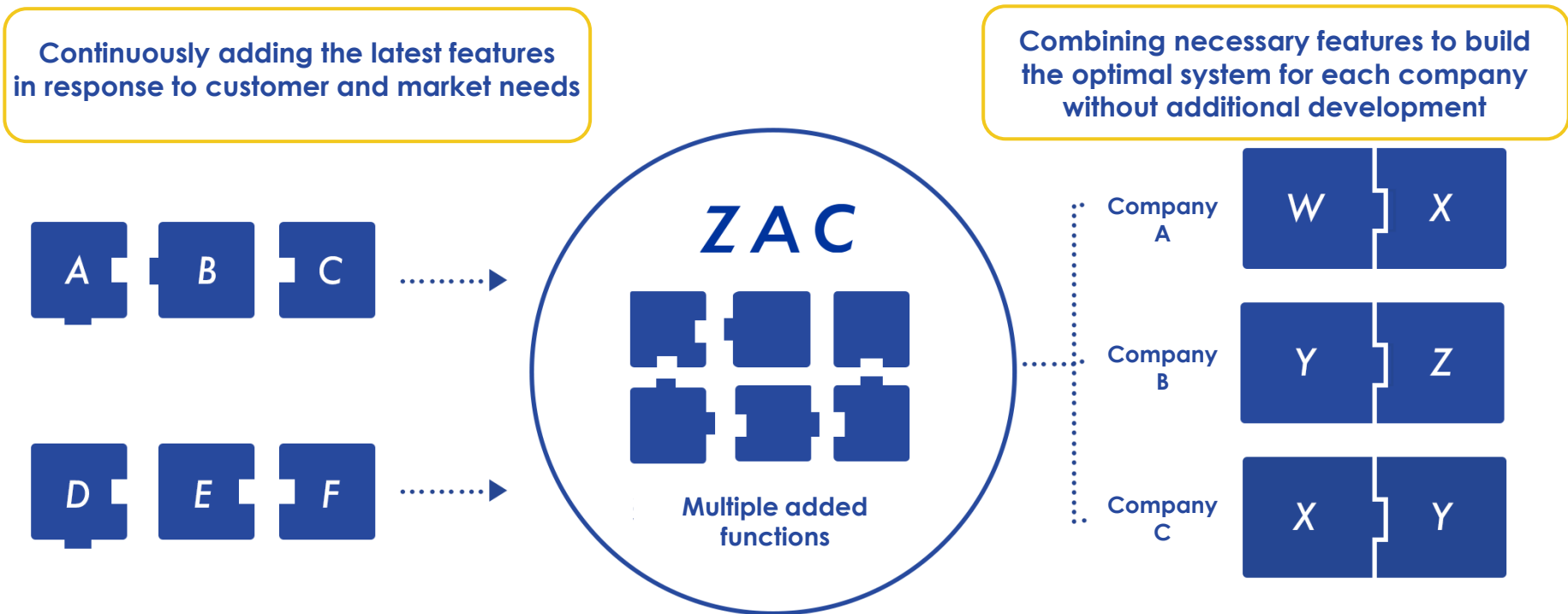
ZAC / Reforma PSA is a **multi-function integrated system** designed to meet the specific needs and challenges of customers in the IT services, advertising, and consulting industries.

Positioning Map by Industry/Business Domain



Advantages of Cloud-Based Systems in Functional Scalability

Since 2006, we have accumulated approximately 13,000* parameters (functional components) to meet unique customer demands.



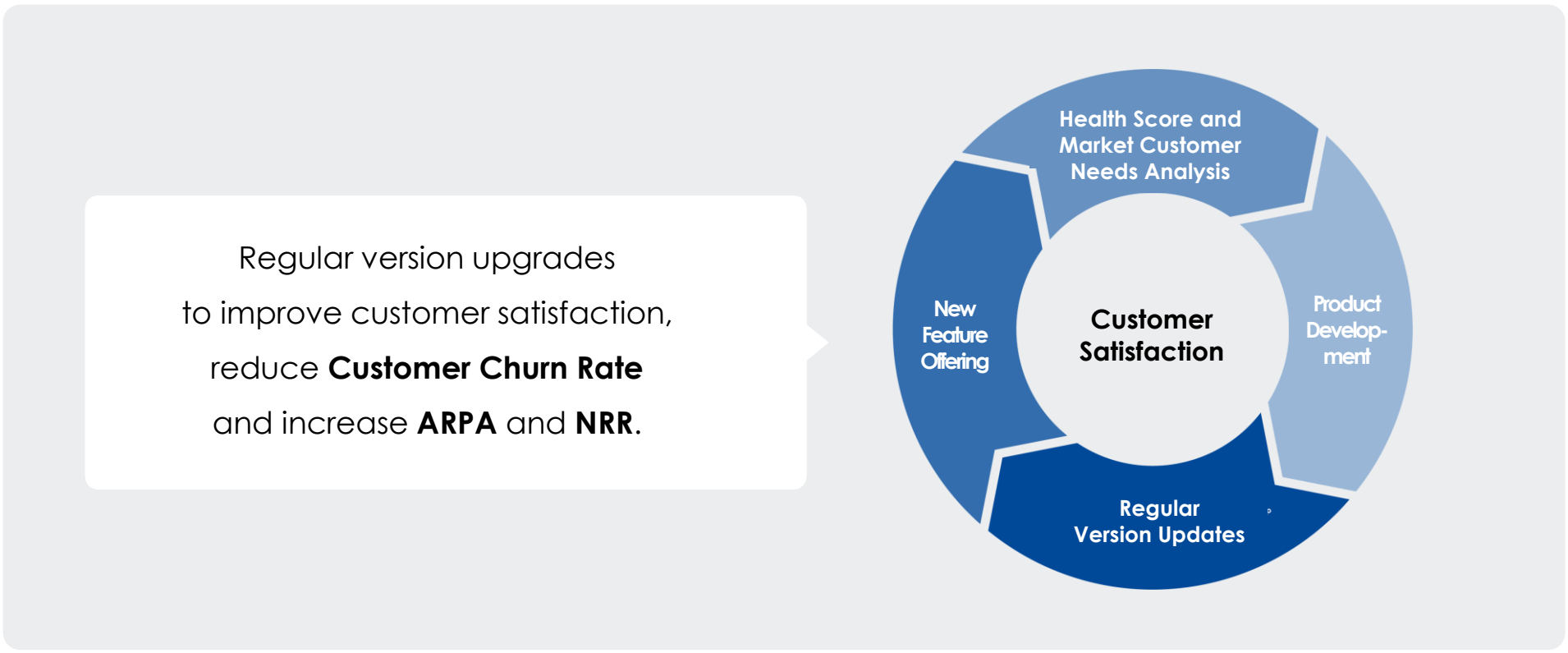
Advantages of industry-specific parameter design

- POINT1** (From the customer's perspective) Access to a customized system at a low cost and with a short delivery time, making specification changes, such as adding new features, easier
- POINT2** (From our perspective) Ability to horizontally deploy new features or functionality developed for individual customers, resulting in efficient sales proposals and feature delivery

*We provide about 2,000 functional parameters in ZAC and about 13,000 functional parameters in ZAC Enterprise.

Provide Regular Version Updates

Despite being a large-scale system with approximately 2,000 functional parameters, ZAC undergoes regular version upgrades, continuously offering enhancements in functionality and design, as well as new features.



*Approximately 2,000 functional parameters are available for ZAC and 13,000 for ZAC Enterprise.

ZAC Enables Visibility of Project-Based Labor Costs



KAYAC Inc.

<App and Game Development Industry>

Renowned for unique management methods like “dice pay,” the company develops content businesses, producing innovative social games and smartphone apps, and hosting special exhibitions such as UNKO MUSEUM. Its performance and scale expand annually.

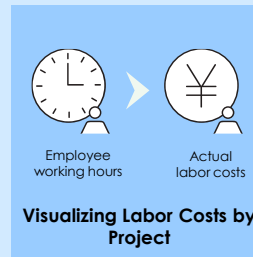
Challenges Prior to 2010 Implementation of ZAC Enterprise:

Manual Cost Calculation in Excel Reaches Its Limit Due to Scaling Up

The company managed project-specific man-hour data using Excel files. However, a rapid increase in the workforce made it challenging to manually calculate costs by linking accounting data (labor costs) with project-specific man-hours.



Benefits Following the 2010 Implementation of ZAC Enterprise:



Easier Understanding of Labor Costs by Project

Centralizing the management of man-hours at a single ZAC location has streamlined the process, allowing for quick and efficient allocation of labor costs by project.



Enabling Data-Driven Decision-Making

The implementation of ZAC Enterprise has improved the accuracy of management data, enabling intuitive decisions to be backed by reliable information.

Kayac Inc. adopted ZAC Enterprise in 2010, starting with attendance and man-hour management, and gradually adding sales, purchasing, and expense features. In 2023, to meet legal changes and enhance management for their growing group, they switched to ZAC, launched in 2019. This reflects the state during ZAC Enterprise's implementation.

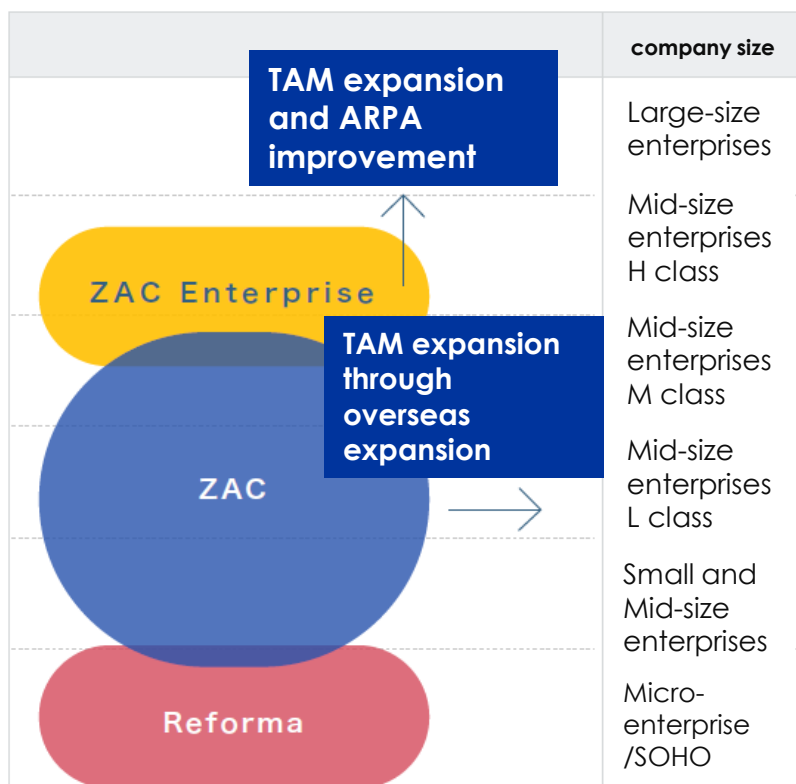
Strengthen Development for Further Market Expansion

44,000 domestic target companies, we are targeting larger companies and overseas markets

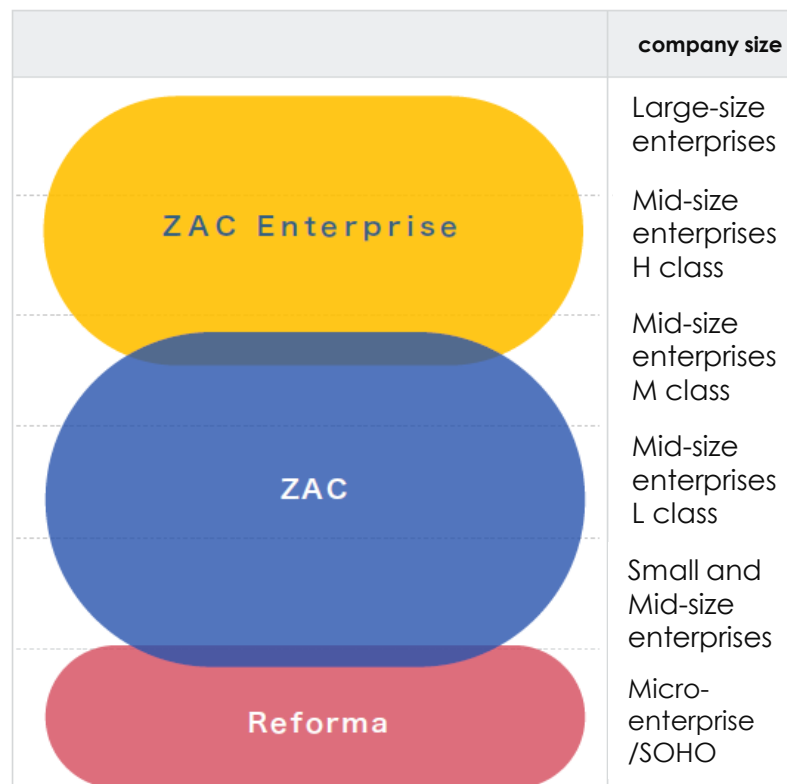
We will review our system configuration and enhance our internationalization functions to propose solutions to large enterprises with 10,000 employees and small- to medium-sized enterprises located overseas by 2026.

Market Expansion Image (TAM)

Present



2026



*Domestic target companies are ZAC, ZAC Enterprise and Reforma's target industries, such as IT, advertising and consulting, with approximately 1 to 2,000 employees.

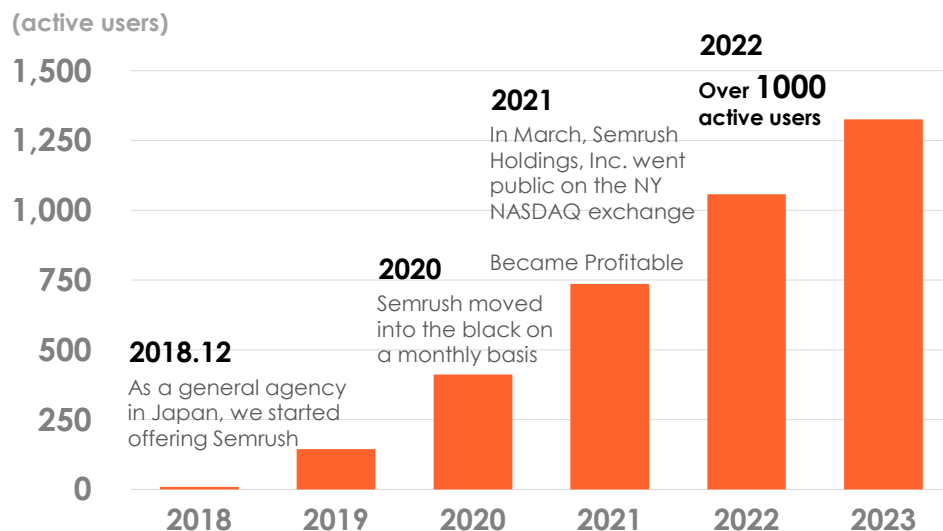
Boost Overseas Tool Variety and Revenue

We continue to make progress in localizing overseas tools and handling domestic sales representation, with preparations for further expansion of overseas tools following Semrush.



10 million Registered Account in the world**
 All-in-one competitive analysis tool for
SEO/ Ad Analysis/ SNS Competitive Analysis

Number of Active Users*



Target in 2024

Active users in Japan have steadily grown since launch. Although the churn rate remains low, we aim to **increase the number of users and the revenue growth rate** with **improving the figures** in 2024.



Next

Plan to expand a range of foreign-made tools next to Semrush

**Active users exclude free trial users and canceled users

** Total number of users including trial users

SaaS Management Tool “dxeco”

“dxeco” visualizes contract information, usage status, account information, and Shadow IT for SaaS applications used within companies.

It optimizes SaaS costs, management and understanding of security risks, and streamlining of account inventory tasks.

- Implemented team management features with customizable permissions for each organizational level.
- Praised during ISMS audits and internal reviews for excellence.
- Continuously adding new features in response to customer feedback.



Case study

Pre-implementation Challenges

- Inability to comprehensively track internal SaaS account information
- Difficulty in understanding SaaS adopted and managed at the department level

Post-implementation Impact

- Creation of a comprehensive management ledger without gaps through API and CSV integration
- Capability to gain a comprehensive understanding of all SaaS in use across the company, including Shadow IT

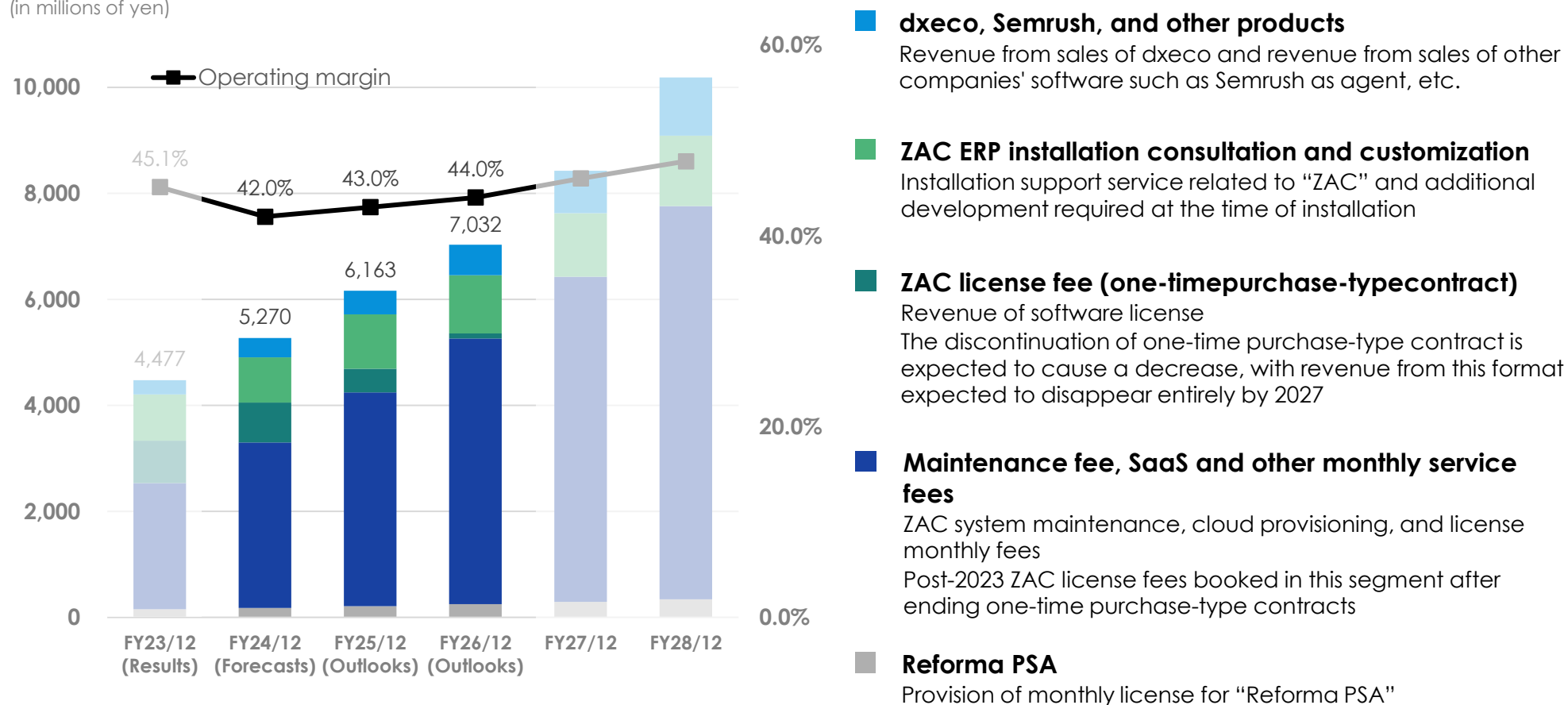
*While monetization may take time, we prioritize enhancing features based on user organizations' feedback.

Segment Revenue and Operating Margin [New Segment]

FY2024/12 sees a temporary dip in margins due to preparation for 2026 global expansion

We are assessing market research for destination selection and participation in overseas exhibitions, incorporating associated expenses into our financial planning.

(in millions of yen)



* Starting from FY2024/12 Q1, the data in this graph for FY2023/12 and beyond have been revised to reflect the change in reporting segments described on page 5.

Marketing Solutions

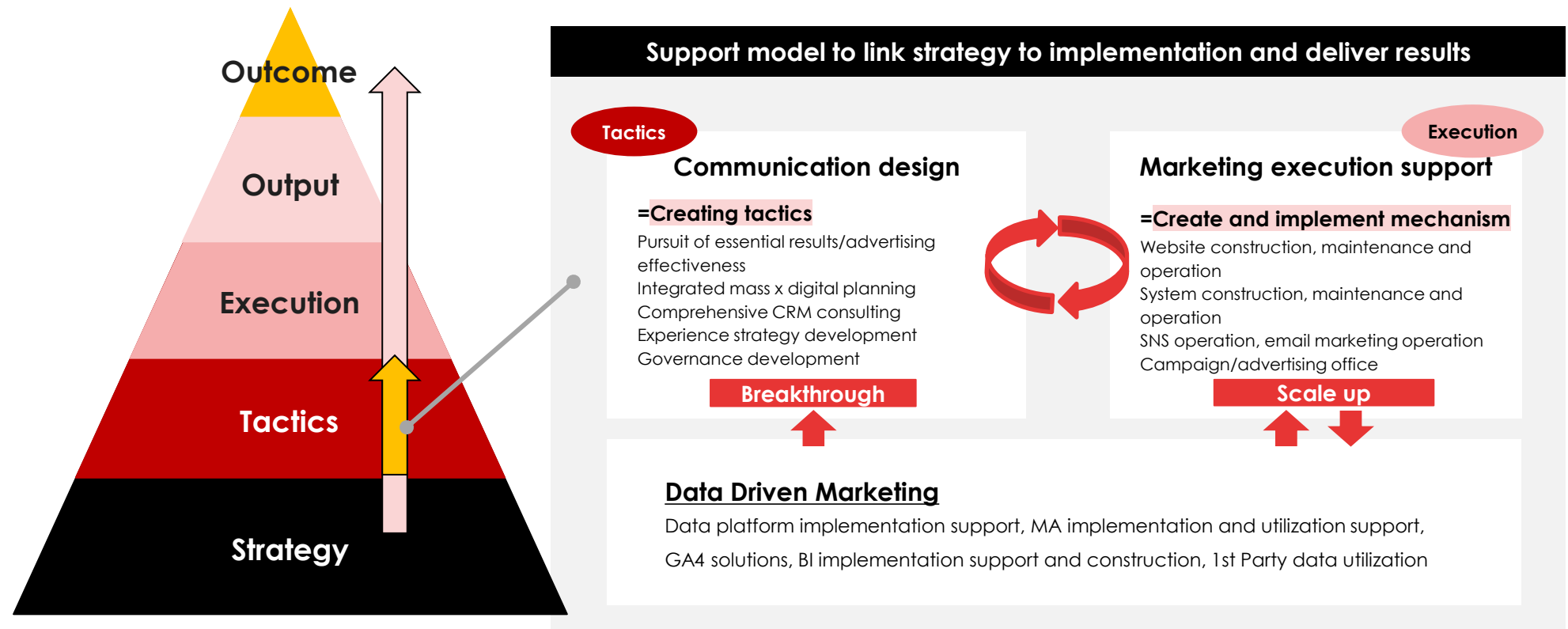
Building Support Model as “Execution-Oriented Company”

Provide a mechanism to translate the client's marketing strategy into concrete actions

As the digital marketing market expands, we serve MS businesses as “an execution company”. This is to ensure clients' strategies to make sure that their strategies do not just remain theoretical.

We provide a support model that generates ongoing results through communication design (effective tactical planning) and marketing execution support (implementing and scaling tactics).

Our Support Model as an “Execution-Oriented Company” (conceptual diagram)



Digital Marketing Consultation for National Brands

Aeon Co., Ltd. And Nissan Motor Co., Ltd. are the main customers.



Examples of ORO's Support for Implementing Marketing Strategies

Strong in supporting organizations to execute strategy and to deliver results

- **Tactical Planning:** Tailored digital marketing consulting and execution per regional characteristics.
- **Systematization:** Developing and offering dashboards that enable the visualization of marketing ROI across all areas.
- **Execution Support:** Designing and implementing customer acquisition strategies for nationwide stores.

One-stop digital marketing for store-based businesses



Nissan Motor Co., Ltd.

<Manufacturing and sales of automotive products>

Nissan, renowned for its technological prowess, is a leading player in the automobile industry, particularly in electric vehicle innovation. The Nissan sales company group, boasting 115 companies, operates around 2,100 dealerships across all prefectures as of April 2024.

Issues to be Improved

No Unified System to Govern Nationwide Sales Companies

Each sales company managed its advertising independently based on regional car demand. This resulted in some advertisements not aligning with the brand image that Nissan Motor Co. aimed for.

Challenges in Aggregating Ad Distribution Results

Since sales companies across the nation reported their advertising results separately, the reporting process created significant burdens. Moreover, this made it difficult for Nissan to comprehensively track and analyze the overall data.



Digital Marketing Support by ORO



Enabling Regional Advertising with Brand Integrity

We support each sales company in aligning ad production and distribution with the manufacturer's marketing strategies and brand image. This system enables tailored advertising to meet local needs while maintaining brand integrity.



Optimized BI Environment for Quick Insight

A Business Intelligence (BI) environment has been established to allow for seamless, comprehensive analysis of national marketing outcomes. This system reduces reporting burdens for sales companies and enables manufacturers to easily oversee distribution results with a strategic perspective.

Strengthen the Structure at Overseas Business Locations

Strengthening Both Sales and Production to Improve Profitability



Enhancing the Sales Structure

By bolstering the recruitment of sales personnel and strategic planners, the company aims to enhance proposal quality to secure contracts through direct appointments and annual deals.

Reinforcing the Production System

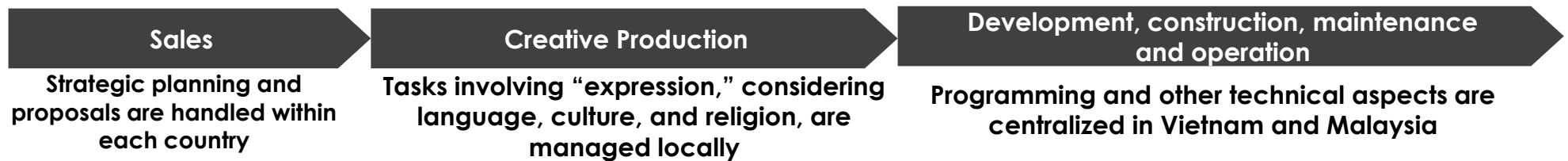
With growing demand for outsourced services from advertising agencies, we are strengthening our structure, including recruitment, to boost revenue. At the same time, we aim to improve profitability by promoting in-house production.

Strengthen the Structure at Overseas Business Locations

Streamline and centralize functions across regions to facilitate in-house production and create a cohesive system that allows global offices to provide value collectively

System and web integration functions are consolidated in Vietnam, while media functions are concentrated in Malaysia. Creative production is managed at each location.

Conceptual diagram of the production system



Each country is responsible for strategic planning, copywriting, and graphic production tailored to local language, culture, and religion



Vietnam oversees comprehensive development from front-end to back-end (HTML/CSS, PHP/SQL, mobile compatibility, etc.)

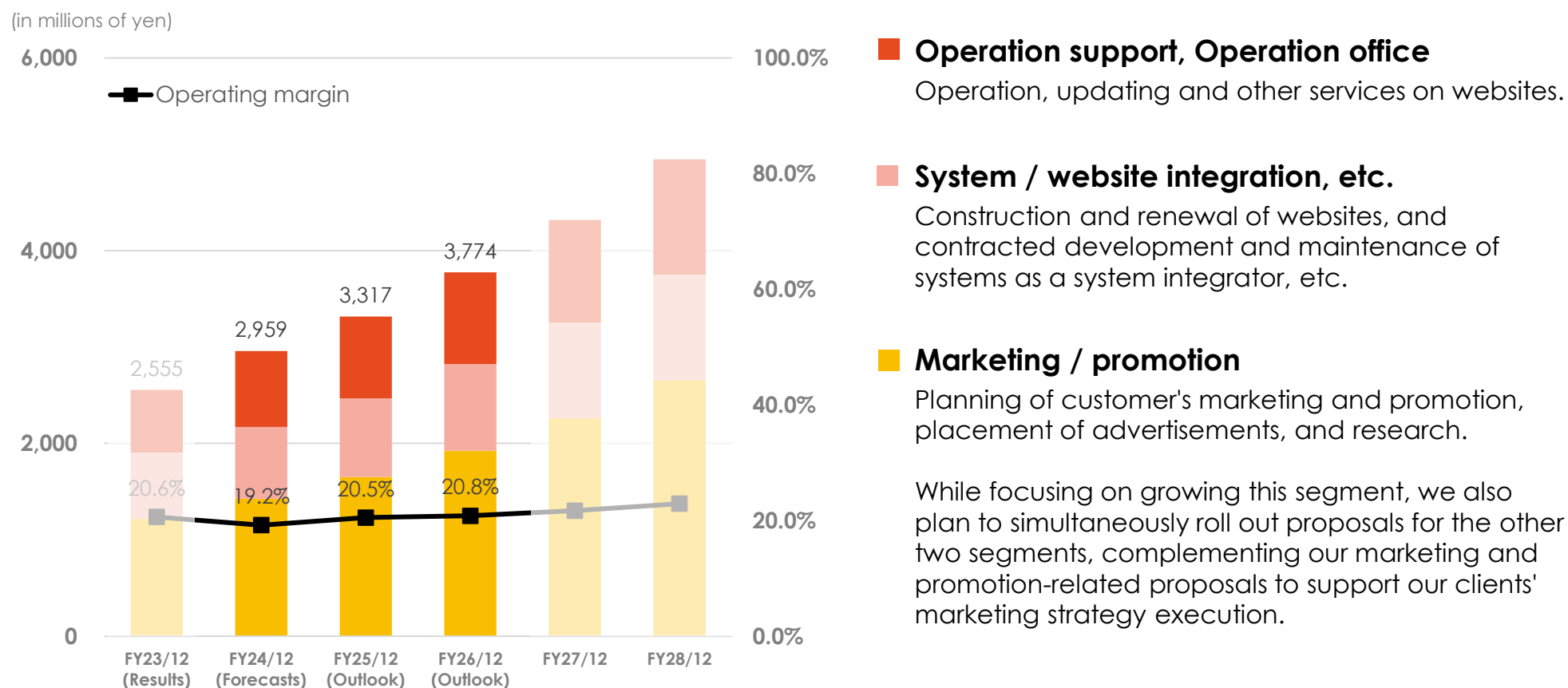


Malaysia manages media planning and advertising operations (publisher selection, campaign management, reporting, etc.)

Segment Revenue and Operating Margin [New Segment]

Revising strategies in both domestic and international markets to recover revenue growth.

We aim to secure an operating margin of around 20%, focusing on growth across all three segments.



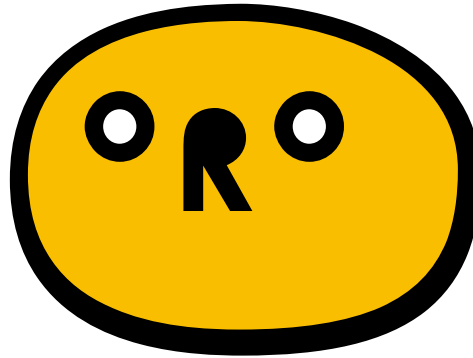
* Starting from FY2024/12 Q1, the data in this graph for FY2023/12 and beyond have been revised to reflect the change in reporting segments described on page 5.

Company Profile



03

Corporate Philosophy



With the commitment of all employees in creating what they can proudly present to the world (namely our organization with its products, and services), oRo's goal is to continue to deliver more happiness and joy to more people (coworkers, families, business partners, shareholders and society), and lead all our employees to self-fulfillment through our efforts to achieve this goal.

Consolidated

History



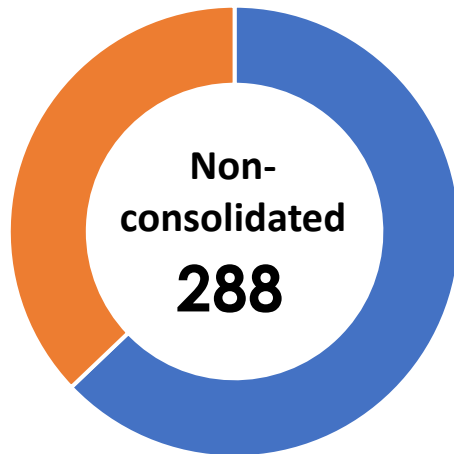
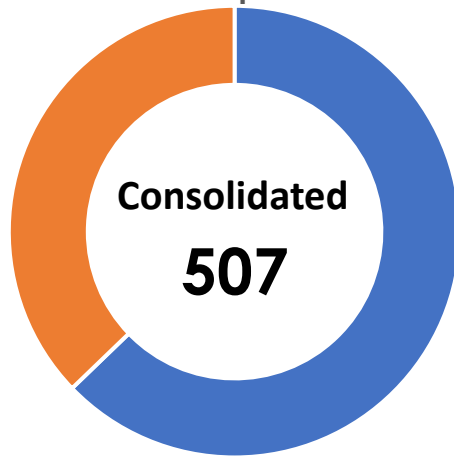
- 1999** Establishment of oRo Co., Ltd
- 2004** Launched website management and maintenance operations
- 2005** Acquired the Information Security Management Systems (ISMS) certification
- 2006** Developed and launch sales of ZAC Enterprise, an SaaS-compliant ERP package
- 2007** Acquired certification to use the Privacy Mark
Opened the Osaka branch (currently, the Nishinohon branch office)
- 2008** Opened the Hokkaido branch office
- 2010** Established the Chinese local corporation oRo TECHNOLOGY (DALIAN) CO., LTD. (currently, a consolidated subsidiary)
Acquired the Environmental Management Systems (EMS) certification
- 2012** Opened the Miyazaki Support Center
Opened the Chubu branch office
Established the Malaysian local corporation ORO Malaysia Sdn. Bhd. (currently, a consolidated subsidiary)
- 2013** Established the Vietnamese local corporation ORO Vietnam Co., Ltd. (currently, a consolidated subsidiary)
- 2014** Established the Thai local corporation ORO (Thailand) Co., Ltd. (currently, a consolidated subsidiary)
- 2016** Established the Taiwanese local corporation ORO TAIWAN CO., LTD. (currently, a consolidated subsidiary)
Established the Chinese local corporation DALIAN oRo ADVERTISING CO., LTD. (currently, a consolidated subsidiary)
Established oRo Miyazaki Co., Ltd. (currently, a consolidated subsidiary)
- 2017** Listed on the TSE Mothers Section
- 2018** Listing upgraded to the TSE 1st Section
oRo Digital Asia Pte. Ltd. (formerly Crossfinity Digital Asia Pte. Ltd.) becomes a subsidiary
oRo Digital Asia Sdn. Bhd. (formerly Crossfinity Digital Asia Sdn. Bhd.) becomes a subsidiary
Opening of the Fukuoka branch
- 2019** Established oRo code MOC Co., Ltd. (currently, a consolidated subsidiary)
- 2022** Transition to TSE Prime Market

Consolidated

Organizational Structure

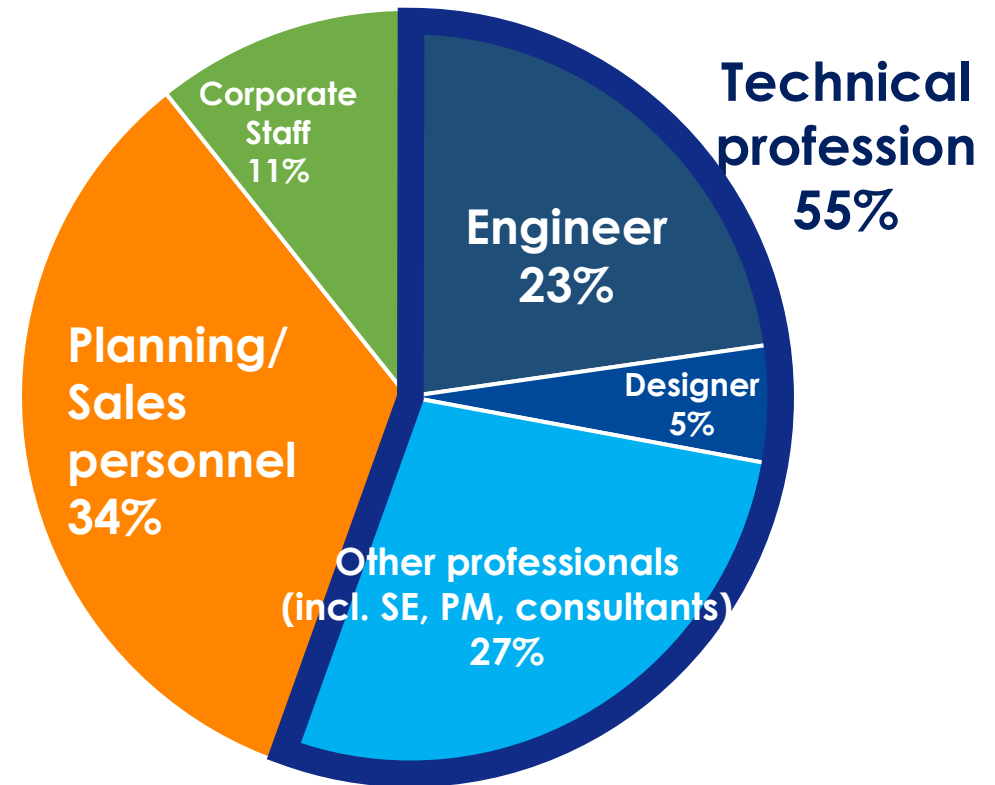
Organizational structure promotes "technology x creativity" solutions

Split between manufacturing and sales personnel



(As of December 31, 2023)

Breakdown by job type
(non-consolidated)



(As of December 31, 2023)

Material Issues

To realize our corporate philosophy, we have identified the three categories of material issues that we must address in order to achieve sustainable growth: **business, human resources, and environment.**



Sustainability Policy

Realizing our corporate philosophy requires our own sustainable growth in the first place.

Our growth cannot be achieved without delivering more happiness and joy to co-workers, families, business partners, shareholders, and society at large.

For this reason, oRo will engage in corporate activities to realize its corporate philosophy by aligning its initiatives for the three materiality categories of **Business, Human Resources, and Environment** from the perspective of sustainability, while monitoring the progress of these initiatives.

Human Resources Initiatives (1/2)

In line with our 'oRo GROUP HUMAN RESOURCES POLICY', we are advancing diversity initiatives, targeting a 15% ratio of women in managerial positions by 2027 to diversify our core personnel.

oRo GROUP HUMAN RESOURCES POLICY

oRo's goal is to continuously develop creative and autonomous human resources and therefore to deliver more happiness and joy to more people through creation of organization, products, and services.

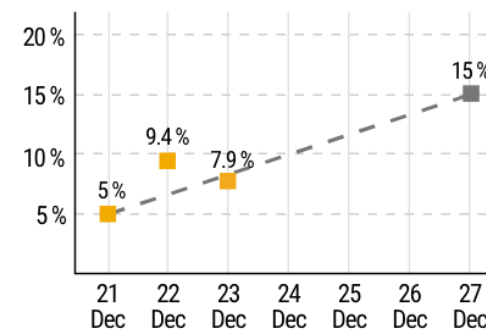
1. We do not discriminate on the basis of race, creed, gender, social status, nationality, disability, employment type, age, religion, etc.
2. We evaluate our employees/ business partners fairly and treat them appropriately.
3. We respect diversity. We will create a culture where everybody can think on their own, demonstrate their abilities and creativity, and achieve self-fulfillment.
4. We pursue the physical and mental well-being of our employees and their family, and support career development, health, and personal fulfillment.

Raising the percentage of women in managerial positions

Since February 2023, we have established a goal of achieving a 15% ratio of women in managerial positions by 2027. As of December 31, 2023, we have reached a performance level of 7.9%, which aligns closely with our plan.

Moving forward, we will concentrate on improving our workplace by accommodating diverse career paths and work styles, as well as striving to create a more attractive work environment. Through these enhancements, we aim to increase the proportion of female managers.

The Percentage of Women in Managerial Positions



Human Resources Initiatives (2/2)

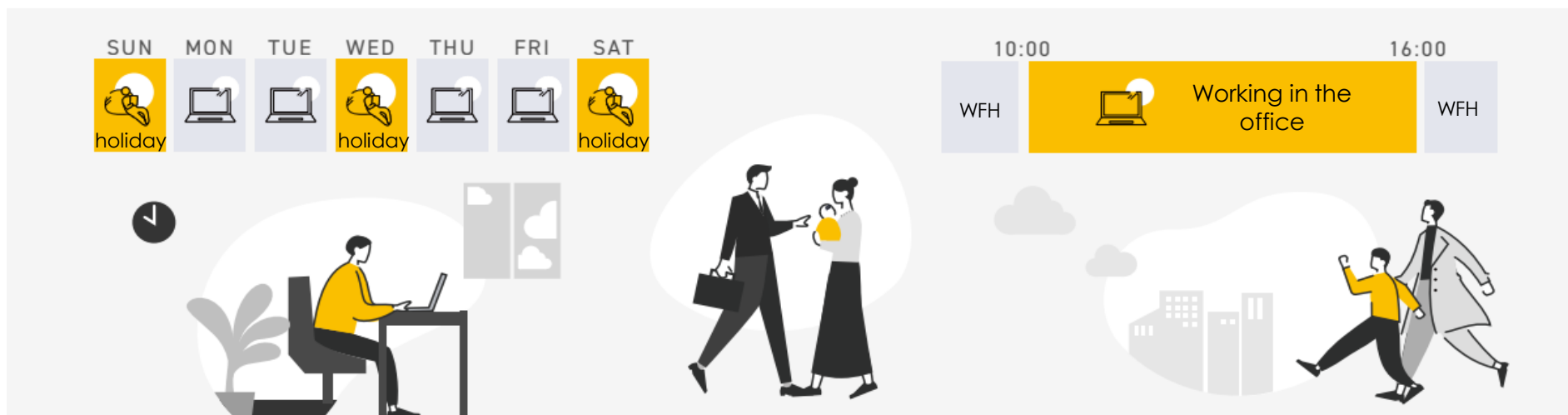
We promote "Health & Productivity Management" to empower employees to play an active role in the company. Offering diverse and flexible work styles enhances self-fulfillment.

Selective four-day work week "Sun Life"

This system allows applicants to choose between an 8-hour or 10-hour work day and adopt a four-day work week. Eligible employees can choose Tuesday, Wednesday, or Thursday as their additional day off.

Childcare support system "Core Life"

Our childcare support system enables flexible office hours from 10:00 to 16:00, and the option to work from home for the rest, promoting work-life balance and aiding in managing family and childcare duties.



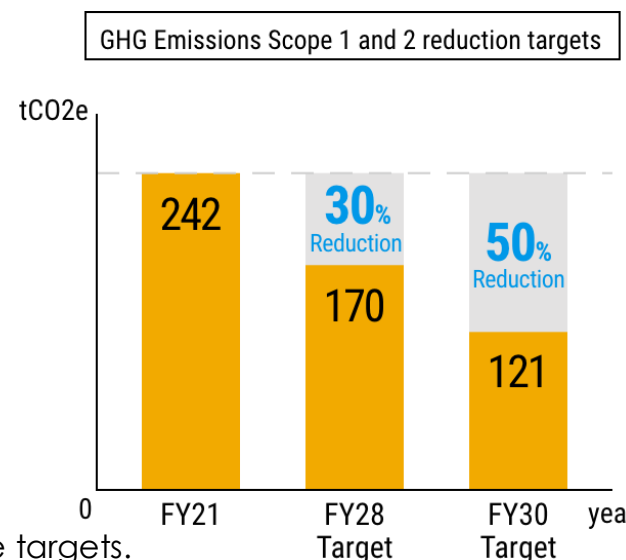
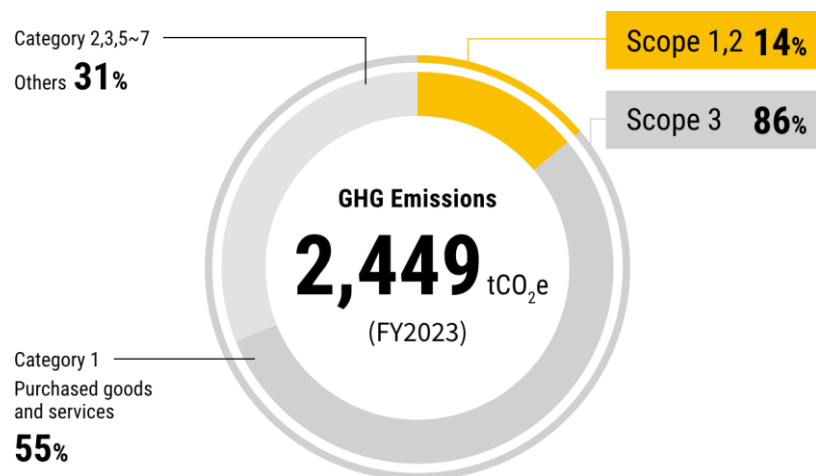
*Our company has certified as a Health & Productivity Management Outstanding Organization 2023 (Large Enterprise Category) for the second consecutive year, and oRo Miyazaki and oRo code MOC were also certified in the Small and Medium-Sized Enterprise Category. And also we and oRo Miyazaki have received the "Kurumin" certification, which is awarded by the Japanese Ministry of Health, Labor and Welfare to companies that actively support employees in balancing work and family life.

Environment Initiatives

We believe that climate change will affect the growth of our business in the medium to long term. As we advance our business, we will also work to reduce greenhouse gas emissions and environmental impacts.

Greenhouse gas emission and reduction targets

Our GHG emissions in FY2023/12 were 2,449 tCO₂e. We believe we can reduce Scope 1 and 2 emissions, which include our direct emissions and electricity use, through our own efforts. We will continue to implement specific measures, such as energy conservation, with the goal of achieving a 50% reduction* by 2030.



*The targets are set with 2021 as the base year and Scope 1 and 2 as the targets.

Status of other initiatives

We have conducted a climate change scenario analysis based on TCFD recommendations and published the results on our website.

<https://www.oro.com/en/ir/sustainability/environment/>

Company Profile

Company Name	oRo Co., Ltd.
Listed Exchange	Tokyo Stock Exchange Prime Market (Code: 3983)
Representative	Representative Director, President and CEO Atsushi Kawata
Foundation	January 20, 1999
Head Office	Meguro Suda Building, 3-9-1 Meguro, Meguro-ku, Tokyo 153-0063
Capital	1,193 million yen
Business Portfolio	<p>Cloud Solutions (CS)</p> <ul style="list-style-type: none"> - Development and sales of cloud-based ERP “ZAC,” “Reforma PSA,” SaaS management tool “dxeco” - Domestic sales representation for SEO tool “Semrush” <p>Marketing Solutions (MS)</p> <ul style="list-style-type: none"> - Support for corporate marketing activities
Employees	Non-consolidated 288 / Consolidated 507 (as of December 31, 2023)
Branch	Nishinohon Branch, Hokkaido Branch, Fukuoka Branch
Group Company	oRo Miyazaki Co., Ltd. oRo code MOC Co., Ltd. oRo TECHNOLOGY Co., Ltd. (DALIAN, SHANGHAI) DALIAN oRo ADVERTISING Co., Ltd. oRo TAIWAN Co., Ltd. oRo Malaysia Sdn. Bhd. oRo Vietnam Co., Ltd. oRo (Thailand) Co., Ltd.

Attention on handling this material



- This presentation material contains the projections for the Company as well as its forward-looking plans and business goals. These statements are based on current assumptions regarding potential future events and developments, and we provide no guarantee that these assumptions are correct. Actual financial results could potentially differ significantly from what is shown in this presentation material due to various factors.
- Financial data stated in this presentation material are shown according to Japanese generally accepted accounting principles unless specified otherwise.
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